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NEWS SUMMARY

GENERAL

Threat of court fight on Ulster

The Sunningdale agreement on Ulster may be challenged in the *Dublin High Court* on constitutional grounds.

The threat by Aontacht Eireann, the republican unity party, is said to be based on Clause 5 of the agreement, in which the Dublin Government accepted that the status of Northern Ireland could be changed only with the consent of the majority of the population.

Mr. Kevin Boland, leader of Aontacht Eireann, says that he will argue that this acceptance is in conflict with a constitutional provision under which the republic claims jurisdiction over the whole of Ireland. **Page 29**

Aircraft hits homes

Eight people died and ten homes were demolished or badly damaged when a Super Constellation aircraft taking Christmas trees to Venezuela crashed just after take-off from Miami, Florida. Witnesses said that the aircraft failed to gain altitude and that one engine was "popping" before the crash.

Getty grandson in clinic

Paul Getty III, 17-year-old grandson of the U.S. oil millionaire who was freed in Southern Italy on Saturday by his kidnappers, was recovering from shock and exhaustion in a Rome clinic. His family is believed to have paid a ransom of about £1.5m. *Police started an "extremely extensive" hunt for the kidnappers.*

Clash at 'bomb' funeral

Left-wing demonstrators and police clashed violently at the funeral in Marseilles of the four Algerians killed when a bomb exploded at their consulate on Friday. Responsibility for the blast was claimed by an extreme Right-wing organisation of former French settlers in Algeria. **Page 9**

Heart transplant patient dies

Mr. Josephus Oliver, aged 46, South Africa's 13th heart transplant patient, died 13 days after the operation performed by Dr. Christiaan Barnard. Only two of the 13 are alive—a woman operated on in April, 1969, and a man who was given a new heart *in May, 1971.*

Rebels freed

Greek military authorities freed more of the people arrested during the mid-November demonstrations against President George Papadopoulos. More than 200 of the 300 detained have now been released since Friday.

Sea bed pact

Agreement on a division of jurisdiction over the continental shelf between Greenland and Canadian islands in the north-eastern Arctic will be signed by Canada Denmark to-day. The area may contain rich oil deposits.

Fruitmen's plea

Fruit growers have asked scientists to find a chemical that will stop birds from eating buds on fruit trees and bushes. Loss through bird damage has been put at £20m. a year.

Carols switch

Pressure of work prevented Mr. Heath from conducting the annual carol concert at his home town of Broadstairs. Choirmaster Mr. Eddie Stafford deputised.

Briefly . . .

Scotland Yard appealed for the return of a brief case stolen from London Hospital and containing data on cancer research.

Princess Anne and Captain Mark Phillips will return from their *honeymoon to-day* to temporary "lodgings" at Buckingham Palace.

Premium Bond £25,000 prize was won by the London holder of bond No. 6MP 668135.

Admiral Sir Terence Lewin, aged 53, will take over from Admiral Sir Edward Ashmore as Commander-in-Chief Fleet on Thursday.

Thieves stole whisky worth £24,000 from the Royal Seaforth Docks at Crosby, on the Mersey.

Henry Green, the novelist, died, aged 78. **Obituary, Page 3**

Israel's Lydda airport is to be renamed Ben Gurion airport after the country's elder statesman and first Prime Minister, who died last month.

BUSINESS

Heath's regional aid hopes dashed

BRITISH HOPES for a generous European regional policy next year have been dashed. At the summit meeting in Copenhagen, Mr. Heath failed to get the commitment for the large development fund he had been seeking.
Back Page

MR. DENIS HEALEY, "shadow" Chancellor of the Exchequer, advocated cuts in public expenditure and higher taxes on incomes, luxuries and property speculation to help ensure national support for combating the economic crisis.
Page 7

CEGB reports that an "excellent response" from the public to appeals to economise on electricity averted the threat of further power cuts over the week-end.
Page 6

POST OFFICE has been forced to impose an almost total ban on the movement of parcels in and out of the south-east because of disruption on the railways.
Page 6

POWER RESTRICTIONS on industry and commerce will apply in Northern Ireland from Wednesday. A separate Order is being introduced before Parliament.
Page 6

Lockheed cash decision 'in ten days'

LOCKHEED *Aircraft Corporation* is expected to know within 10 days if major banks are prepared to extend further credit which the company is urgently seeking to tide it over fresh financial difficulties.
Back Page

TUC DELEGATION which visited South Africa in October recommends that the British trade union movement should seek on a massive scale the organisation of African workers into trade unions.
Page 7

MR. DAVID CROUCH, Conservative MP for Canterbury, claimed that there was "no case for a third London Airport." Maplin, he said, would "turn Thameside into a new and bigger Tees-side on the coasts of Essex and Kent."
Page 7

CHANGES in the EEC Commission's proposed regulations for controlling company mergers are to be pressed in Brussels this week by Sir Derek Walker-Smith, Conservative MP for Hertfordshire East.
Page 6

BRITISH STEEL Corporation will be able immediately to begin building a £30m. iron ore and coal import terminal at Hunterston, Ayrshire, with the announcement at the week-end of an agreement between BSC and Hunterston Development, owners of the site.
Page 29

Bank staff win rises

SOME 170 000 clearing bank staff will get up to £153 a year extra under a proposed deal concluded in time to escape any new pay curbs which may be announced to-day.
Page 29

REPRESENTATIVES of London Airport workers are to report back to shop stewards to-morrow *after further negotiations* with the employers. In reply to a £10-a-week claim by 5,000 engineering and maintenance workers, British Airways has offered rises of between £2.10 and £2.65.
Page 29

AUSTRALIA and North Vietnam have agreed to sign a formal trade agreement soon. Discussions are also taking place about a direct shipping service between Australian ports and Haiphong.

SOVIET UNION, backed by a record grain harvest of 222.5m. tons, is embarking on what is described as its greatest reorganisation of farming in 40 years.
Page 9

CROWN PRODUCTS Group, *part of Reed International's Wall Paper Manufacturers*, intends to increase its promotional budget to £4m. next year in spite of an expected drop in production and demand.
Page 7

J. CORAL HOLDINGS is continuing its expansion in leisure activities by buying for £764,000 cash the capital of four bingo hall companies owned by Mr. Peter Lindsay-Newbold.
Page 30

TUC bid for rail peace fails to make headway

BY ROY ROGERS, LABOUR CORRESPONDENT

AN attempt by Mr. Len Murray, TUC General Secretary, to settle the train drivers' pay dispute, appeared last night to have failed.

Both British Rail and the drivers' union, the Associated Society of Locomotive Engineers and Firemen, accepted Mr. Murray's suggestion that they should come together under an independent chairman. But ASLEF rejected British Rail's pre-condition that normal working be restored first.

A special meeting of the BR Board will hear a report on the situation to-day but it seems unlikely that the union's offer to consider lifting the sanctions in the light of progress at the talks will be sufficient for BR to drop its insistence on normal working before talks.

If the deadlock continues, Mr. William Whitelaw, Secretary for Employment, may become involved again later in the week.

Mr. Whitelaw, who this afternoon meets leaders of the power engineers to urge them to call off their industrial action, is understood to be contemplating similar moves in the rail and mining disputes.

The TUC rail peace move had the support of the two other rail unions, the National Union of Railwaymen and the Transport Salaried Staffs Association.

It was considered yesterday at a special meeting of the ASLEF executive, which was addressed by Mr. Murray. He urged them to lift their action and join negotiations with the BR Board under the chairmanship of Dr. Bill McCarthy, chairman of the Railway Staff National Tribunal machinery. The discussions would have been outside this machinery which ASLEF has refused to use.

Mr. Murray's peace initiative was the fourth to be rejected by the ASLEF executive which has already heard pleas from Mr. Harold Wilson, Leader of the Opposition, Mr. Richard Marsh, BR Board chairman and Mr. Whitelaw.

The peace move was made against a background of almost no activity on the railways which were experiencing the effects of ASLEF's ban on Sunday, rest-day and overtime working together with a policy of non-cooperation.

Power

On the power engineers' front, Mr. Whitelaw is expected to-day to urge leaders of the Electrical Power Engineers Association to lift their ban on out-of-hours work and resume negotiations with the Electricity Council.

Unless Mr. Whitelaw can offer some assurance that negotiations would improve on earlier attempts to free a year-old stand-by payments deal delayed by successive stages of the Government's wages policy, peace hopes appear slim.

The EPEA has agreed to relax its sanctions on Christmas Day, Boxing Day, and New Year's Day, but has threatened to step up its action from January 2.

Meanwhile, a warning that miners might act to prevent coal being switched from rail to road because of the train drivers' dispute came yesterday from Mr. Lawrence Daly, general secretary of the National Union of Mineworkers.

Mr. Daly made it clear that no formal request for such support had come from ASLEF and that no instructions to this effect had been issued by NUM headquarters. But, he said, he was certain that miners would organise pickets and refuse to load outside lorries if they were brought in by the National Coal Board.

These sanctions, which began on Wednesday, are in protest against ASLEF's treatment in a £52m. pay re-structuring scheme which would mean increases of up to £6.20 a week for drivers over the next two years.

Over the next few days, key TUC meetings will discuss the industrial relations situation, and *the emergency measures* announced by the Prime Minister last week. From these meetings, the TUC is likely to express its "amazement" at the extent of the measures, anger that they were not consulted in advance and fear of heavy unemployment as a result.

They will also discuss calls from the Transport and General Workers' Union and the Amalgamated Union of Engineering Workers for a special Congress to consider joint support for the *unions in conflict* with the Government.

EEC solidarity gesture over oil crisis

BY REGINALD DALE, COMMON MARKET CORRESPONDENT COPENHAGEN, Dec. 16.

AFTER a marathon two-day bargaining session, heads of government of the Nine have agreed to a gesture of Common Market solidarity to confront the oil crisis, and to seek a new European role in the Middle East.

They have decided on fresh steps designed to lead to a politically united Europe, including much more frequent summit meetings and an acceleration of plans for "European union" by the end of the decade.

The first "informal" summit, which ended here late last night, has not, however, been the resounding success many of the EEC leaders had hoped for. The meeting was from the outset overshadowed by the arrival of a team of Arab ministers, demanding fresh support for the Arab cause, and most of the summit's broad decisions of principle are likely to prove extremely difficult to implement in practice.

Meagre

The statement finally issued by the heads of government still conceals major differences of opinion among the Nine. Although the original intention was to hold highly informal discussions about the future of Europe, many hours were spent arguing over the details of their joint declaration—as at previous summits.

The results were seen here as particularly meagre for Britain and France, compared with earlier expectations. Both Mr. Heath and President Pompidou had to face a determined Chancellor Willy Brandt, who asserted German influence more strongly than ever before inside the *Community — often with the* backing of the smaller member States.

Herr Brandt angered Mr. Heath by flatly refusing to agree to the high figure that Britain was seeking for the Common Market's new regional fund next year, and was largely instrumental in obliging Britain and France to go further than they had previously wanted in subscribing to a written commitment to joint Community action on the oil crisis.

Germany and the Netherlands also succeeded in toning down some of the more strongly pro-Arab elements that Britain and France wanted included in the statement on the Middle East.

The summit did not specifically reject last week's proposals by Dr. Henry Kissinger for a new energy "action committee" of the major oil-consuming nations, which has been strongly supported by Mr. Heath, but the final statement echoes the German suggestion that consultations between oil importing nations should continue to take place, for the time being, inside the OECD.

On the other hand, Britain and France were able to point to the decision to hold more regular informal summits, which will take place, probably twice a year, under the presidency of the country holding the chair in the Community's Council of Ministers. This has for some months been a priority objective of both M. Pompidou and Mr. Heath.

The same is true of the agreement to set up new "crisis management" procedures, enabling the Nine to react rapidly to world events and prepare advance contingency plans on problem foreign policy issues. The exact procedures are now to be finalised by the Foreign Ministers.

Statement

Equally, the Nine's new stand on the Middle East goes a little further along the lines of British

Continued on back page

Stumbling blocks to Geneva Mid-East peace talks

BY RICHARD JOHNS

THE PROSPECTS for an early start to negotiations on a Middle East peace settlement appeared to have receded as Dr. Henry Kissinger, U.S. Secretary of State, last night began consultations with the Israeli Government on the last lap of his whistle-stop tour of the confrontation States.

But he struck a note of optimism last night as he emerged from a three-hour meeting with Mrs. Golda Meir, the Prime Minister, and said that his mission was going "very well."

Two main stumbling-blocks were thwarting his efforts to clear the way for the talks. They were *originally scheduled* to begin in Geneva to-morrow but have now been postponed until Friday, according to the Egyptians.

First, there is the Arab insistence that a peace conference should be held under the auspices of the United Nations and the continued Israeli reservations about talks taking place under such an "umbrella."

On Saturday this important procedural issue became more deeply rooted after the Security Council adopted a resolution—with the five permanent members including Britain abstaining—confirming that the "appropriate auspices" for a conference should be the U.N.

If there must be an aegis for the negotiations, Israel wants it to be provided by the U.S. and the Soviet Union, the two co-sponsors of the prospective peace talks.

Second, Syria is believed to be still refusing to submit lists of Israeli prisoners-of-war which it holds and to allow visits to them by representatives of the International Red Cross. Until Damascus does so, the Israeli Government has stated, it will not sit down at the conference table with the Syrians—though it would be prepared to start negotiations with Egypt and Jordan.

Dr Kissinger arrived in Israel at the end of a tour which had included the capitals of Algeria, Saudi Arabia, Jordan and Syria.

Fears

In Cairo, Egyptian officials said that the issue of the the Israeli prisoners-of-war was a more serious obstacle to the start of negotiations than the question of U.N. participation. They said that the opening of the peace conference depended on the outcome of Dr. Kissinger's talks with Israeli leaders.

He was meeting Mrs. Golda Meir, the Prime Minister, Mr. Yigal Allon, the Deputy Prime Minister, Mr. Abba Eban, the Foreign Minister and Mr. Moshe Dayan, the Defence Minister. The last leg of Dr. Kissinger's tour began amid widespread Israeli fears that he would demand from Israel concessions designed to satisfy Arab demands.

His discussions with Mrs. Meir were attended also at various times by Lt.-Gen. David Elazar, the Chief of Staff, and Maj.-Gen. Aharon Yariv, Israel's representative at the Suez cease-fire talks.

Dr. Kissinger was expected to explain to the Israeli Government the Syrian conditions for submitting lists of prisoners. These are known to include a return of Syrian civilians to the newly-occupied areas

In addition, Syria is said to be demanding an Israeli withdrawal to the positions held on the evening of October 22 at the time of the first ceasefire

Israel will also be seeking clarification of exactly what role the U.N. might play in the peace talks.

In Damascus, Dr. Kissinger spent six hours with President Assad on Saturday in what appeared to be a tough session. Dr. Kissinger described the talks as "extensive, frank and very fruitful."

In Amman, Mr. Zeid Rifai, the Jordanian Prime Minister, said that Dr. Kissinger's discussions with King Hussein had ended in "total agreement."

Reports from Caira, Tel Aviv and Beirut Page 9

OPEC meets to-day on prices

BY RICHARD JOHNS

ECONOMIC EXPERTS of member States of the Organisation of Petroleum Exporting Countries meet to-day in Vienna to *hammer out a new basis for* calculating oil prices according to market values.

They will report on Saturday to oil Ministers of the producing States in Tehran, who are expected to declare unilaterally another steep increase in posted prices over and above the 70 per cent. rise imposed in October.

In OPEC itself the unresolved question is whether—and to what extent—the tax reference should take into account the high and unprecedented market realisations resulting from the politically-motivated Arab production cuts.

Following the breakdown in negotiations with the Western companies in October, declared OPEC policy is that the posted price should be set at a level 40 per cent. above the "market price." Quite apart from Arab oil sanctions, it is acknowledged among OPEC economists that finding a rational criterion for judging what is the market price for any variety of crude will prove difficult.

At last month's OPEC conference in Vienna there was evident concern that an objective formula, which could be justified to the consumers, should be found. Little progress was made then towards evolving one; but *studies designed to support new* revenue demands have been drawn up.

Pressure

In the event the scale of the *increase decreed by the oil ministers* is likely to be arbitrary—and large. Pressure for a steep rise in prices will have been intensified by last week's auction in Tehran for some 12m. tons of oil which the National Iranian Oil Company has to dispose of in the first half of 1974.

It resulted in record prices of $16 to $17.4 for a barrel of oil—over five times the price received by Iran for the much larger volumes of oil contracted to Western oil companies under the existing posted price level.

The immediate task of the OPEC ministers will be to set new prices for the Gulf. Those for short-haul crude from the east Mediterranean, Libya, Algeria and Nigeria, will then be *adjusted accordingly.*

All 12 members of OPEC are represented on the Economic Commission which will be working on a price formula this week in Vienna.

This body has existed as a study group for about a decade, but took on new importance at the last OPEC conference, when it was charged with designing a new basis for relating prices to market conditions.

BARBER STATEMENT TO-DAY

Balance of payments is main concern

BY JOHN BOURNE, LOBBY EDITOR

THE CHANCELLOR of the *Exchequer's 45-minute economic* statement in the Commons at 3.30 this afternoon will be aimed primarily at improving Britain's balance of payments position, which has been worsened by the increase in oil prices.

At the same time, Mr. Anthony Barber wants to *avoid driving* Britain into a deepening recession. The Chancellor is to make a Ministerial broadcast this evening.

While the Government is trying to exert maximum pressure on the miners and train drivers to accept the pay offers made under Stage Three, it is considered unlikely in Whitehall that Mr. Barber will refer to-day to any possible changes in it.

Ministers believe, however, that, in the present economic situation, even if these two disputes are settled quickly, Stage Three will, in fact, soon become irrelevant. It was justified by the expectation of a 3½ per cent. growth rate next year, which has now gone out of the window

Threat

One pressure is undoubtedly the unspoken threat of an early general election unless the disputes are settled swiftly. It is now being actively canvassed by some Ministers that there should be *an election in January* or mid-February.

They also maintain that the Government could go to the country with a manifesto proposing new measures against strikers. These, it is said, could centre on withdrawing their entitlement to early refunds of income tax, and the entitlement of some strikers to supplementary benefit.

Whether this is part of the general psychological warfare of the Government against the miners and the train drivers—*neither of whom incidentally are* technically on strike—or whether it represents Ministers real views remains to be seen.

On the broad economic front, senior Ministers believe that, if the two industrial disputes continue indefinitely, last week's announcement of a three-day working week throughout most of industry due to start at the beginning of next month, will have an immediate effect on public expenditure and upon capital investment in the private sector.

The Treasury believes this is bound to happen because the shorter week would quickly cut many supplies — of building materials, for example—while lower profits would also cause company investment to flatten out.

If the shortage of coal continues for much longer, the Government believes that its economic growth target will be incapable of revival until 1975 at the earliest.

More stringent controls on hire purchase, including possibly bigger down payments and shorter repayment periods are possible.

If income tax is raised, the Government will certainly increase the tax threshold at the lowest rates in order to produce a package which would be regarded as "socially fair," shielding the lower paid while placing a greater burden on the higher earners.

Inside

ON OTHER PAGES

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY

Call for hydrocrackers · Property and wealth

Sir,—It seems that neither the CBI, nor TUC nor even HMG take seriously the absolute fact that the level of crude oil supplies from the Organisation of Arab Petroleum Exporting Countries will never again rise above that of September, 1973.

If this is accepted then any proposal for growth must be based on nuclear power or coal at least until British requirements can be satisfied by North Sea oil.

Once crude oil is landed, Arab, North Sea or other, it should no longer be refined according to the present European formula, that is no longer can we use about half of it as cheap "substitute fuel." Heavy residues will, from now on, have to be converted to lighter fractions. The Government should stress the need for hydrocrackers to be included in British oil refineries.

Treatment with hydrogen also opens the way to gasification and liquefaction of coal—simultaneously reducing its sulphur content and eliminating ash. The U.S. is conducting extensive and costly research into a number of alternative processes, spending much more than the $240m. allocated to this R and D work by the Government alone. The U.K. Government is spending barely 1 per cent. of that sum.

When the need arises we shall, as in the case of nuclear-powered generating plants, have to opt for U.S. technology. Can we never think ahead?

M. Swiss.
Europetrin Surveys
34 Meadow Way,
Wembley, Middlesex.

Money for homes

Sir,—The English property industry is the best in the world—let us keep it that way! We have developed a skill and an integrity that is the envy of the rest of the world. That is why we are wiping the faces of all our European counterparts and earning an enormous revenue in Europe which is being brought back to this country. Thank goodness one industry is making a success for Britain out of the Common Market. I wish the other industries would wake up and do likewise. The people taking part on our behalf deserve the high reward they are getting.

Mr. Bradley in his letter in your issue of December 7, makes a brave attempt to suggest solutions to the obvious crisis that has now built up in the house building industry. However, why does he assume that "no control existing—is regrettable."

What we need in order to build the houses is less control, not more. The chief benefactors of British property developers have been the ministers of recent successive British governments starting with Lord George Brown in 1964 and followed by Mr. Peter Walker and Mr. Anthony Barber. George Brown and the Labour Government in 1964 created many property millionaires by interfering with the free market in office property.

At that time many property developers and speculators had empty buildings all the way up the Finchley Road and round the North Circular and were at their wits' end to find tenants and occupiers in order to pay the interest back to the pension funds, insurance companies, trade union fund and other "small man's money" which had supported them in their development.

By imposing a ban on further office development through the ODP system (Office Development Permits), the supply of new offices was restricted thus ensuring that all the empty buildings were immediately let and subsequently an enormous rise took place in London office rents.

The restrictive policy on offices has been continued by the Greater London Council (both Tory and Labour) and by successive Government ministers, so that too few office buildings have been put up in London at a time when there has been a high demand from concerns from all over the world to establish offices in London.

This has meant an enormous increase in rents and has created immense paper wealth for those developers or property companies or institutions fortunate enough to own office property in London.

The creation of as little as a dozen new office buildings in London at the present time would be sufficient to completely relieve the situation of over-demand. These things after all are really only marginal; all office workers at present sit somewhere, and there is not an unlimited supply of new office workers. Once this comparatively small amount of offices has been built so that the supply would equal the demand, we should get back to a system of equilibrium, where rents would not rise any more than the cost of living and even go down in times when the economy was slack. Then and only then would the building industry turn their energies to constructing houses in the hope that they would make more money out of building houses than building offices.

A further problem created by the government is high interest rates which, in itself, creates raging inflation and subsequently many of the managers of "the Funds" invest their money in property as a hedge against inflation.

The Funds concerned are those which control "small man's money"; this is money paid weekly or monthly into pension funds by all of us, into trade union funds by trade union members, insurance companies by the little man in Coronation Street and into property bonds by the executive seeking legally to avoid the incidence of high taxation.

These immense funds seeking a hedge against inflation in business property have tended to lower the returns considerably thus increasing the price of the property and putting money into the pockets of those developers wise enough to put their money into property.

Also the current high interest rates have meant that the demand for mortgages for residential properties is drying up as people cannot afford to pay these rates. There has subsequently been a dip in the price of new houses and flats so that builders are wary of venturing into constructing new dwellings. This will mean a considerable drop in the immediate months ahead in the building of new houses. The number of people getting married each year does not change and thus as the supply of new housing dries up, prices are bound to increase again.

People everywhere must realise that property is the main asset of all of us and one of our most important industries. The way in which we in this country have, in spite of all the handicaps, managed our property, is probably the best in the world. Let the property men get on with their job without interference and restrictions and they will produce the goods.

Michael V. Kalmar,
Leith House, Gresham Street,
London, E.C.2.

The property boom

Sir,—It is surprising to see Peter Riddell (December 12) joining in the present clamour for a greater public slice of the rich property cake through taxation, etc., since this does nothing to cure or prevent the underlying malaise.

That property prices are not governed solely by inflation has been clearly seen in New York where the value of office buildings in Manhattan have more than halved over the last four years—despite staggering inflation. Simply, this has been caused by a glut of office space.

Contrary to popular opinion, in this country commercial property values reflect less the cost of the land, bricks and mortar than the rentals which can be obtained. Thus, if rentals fall—values fall and a surplus of available office space is needed to achieve this. If developers continue to enjoy a free rein, a surplus of available office space will arise very shortly, but if new developments are restricted or otherwise deterred, the shortage of office space will continue to send values spiralling upwards to the benefit of property owners and to the detriment of the community. We saw clear proof of this as a result of the action of the last Labour Government.

Our present Government and its successor must resist the popular cries for action against property developers if we are ever to cure the malaise of speculation, and I think it should be the responsibility of the informed Press to bring this home.

John Goldman,
6, Wells Rise, N.W.8.

Where is wealth

Sir,—It is naughty of Joe Rogaly (December 13) to go on about the high proportion of "the wealth" owned by "the richest."

When he wrote the same article this time last year he was using the phrase "all wealth." It was pointed out then and should be pointed out again that he is in fact referring to "private wealth." Who owns Britain's wonderful coal mines? Who owns Britain's wonderful railways? These are wealth — national wealth. And since every year the proportion of "all wealth" properly so described owned by the nation increases, the proportion in fact owned by "the richest" falls that much faster than his figures indicate.

Another odd thing is that last year he said "The richest 1 per cent. had 38 per cent. of it all in 1961, but only 30 per cent. in 1970." This year he says "In 1961 the most well-off 1 per cent. owned 28.4 per cent. of the wealth and 10 years later they had only 20.4 per cent. of it." The figure for 1970 given in his latest table is not 30 per cent. but 20.7 per cent.

When he writes this article next year perhaps Mr. Rogaly will include national wealth in his proportion studies—if indeed there is any left.

R. N. Higinbotham.
55 Cleaver Square, S.E.11.

Look after the wealth producer

Sir,—A more simple way of collecting tax from property concerns is to disallow interest payments as an allowable charge against their income. But the whole question of taxation of businesses should be examined. It appears absurd to many people that wealth-creating companies pay the same rate of corporation tax as a betting-shop syndicate, second-mortgage dealer or retail store.

It is time the wealth producer received some preference over the money producer.

T. Alex Wainwright,
"Pippin"
8 Hermitage Drive,
Twyford, Berkshire.

A gamble for miners

Sir,—The coal miners and the railway drivers are demanding more money which they doubtless deserve, but cannot get because of Stage 3. Even though they are quite aware of this fact, they seem to insist on what can only be termed a gamble, in forcing the Government to make a special case out of their demand.

As they are so insistent in the face of all the facts, they obviously look upon it as a gamble, because they know full well that the cash they demand is not available at the present time. So why could they not deal with the matter in such a way that they would get their money, and at the same time hand it immediately back to the Treasury, until such time as the economy could release it.

This could easily be done by taking their increase over and above the rise allowed under Stage 3 in Premium Bonds, under the condition that they hold the Bond until such time as the economy could release it in cash to them.

To get over the maximum holding rule would be very simple, by merely adding up the number of members of each union, and issuing the two such unions blocks of Premium Bonds to the value of the increase, and then the money would return directly to the Treasury. This procedure could go on ad infinitum, with any group of members, and solve everyone's problems without any risk of losing their money and make the Treasury happy, and the miners happy.

After all they are gambling with the nation's economy, and the future of every man, woman and child in the country is at stake, and if they are prepared to gamble one way, they should be prepared to gamble the other. In any case this is not a gamble, it is an each way bet, on which they cannot lose.

They could well argue that they are not getting actual cash. This may be so, but at least they would be building up huge capital sums which is more than most of us can do these days, added to which is the very distinct possibility that by accepting huge blocks of these Bonds they would stand a very good chance of making more money in prizes, than they would by the actual increase.

Finally, if the regulations laid down by the Government prevents the issuing of Premium Bonds in blocks of this magnitude, then the Government must change the rules; and this should not present any obstacle in view of the much bigger ones facing the country's economy if they do not bend such rules, in accordance with the astronomic conditions facing the country to-day.

R. M. Philips,
Managing Director,
DynaGlaze,
16, Little Castle Street,
Exeter, Devon.

Platforms at Drumbuie

Sir,—Mr. Stormonth Darling in his letter in your issue of December 4 mentions that the Balmacara Estate was left to the National Trust for Scotland to be held "for the benefit of the nation." This is not the whole story.

The Balmacara Estate of which the hamlet of Drumbuie is part was left to the National Trust for Scotland by Sir Daniel and Lady Hamilton, not only "for the benefit of the nation," but also for the benefit of the local people.

It was clearly their wish that their active concern for the people of the estate should be continued and that the local industries such as crofting, fishing and weaving should be encouraged. They would undoubtedly abhor not only the physical intrusion of massive and totally alien industrial development but especially the complete social distruction of a community of about 1200 who will be utterly swamped by the sudden intrusion of the estimated 700 or so labour force and supervisory staff, plus their families and hangers on.

Political and financial pressures are mounting to expedite the exploration of oil from the North Sea and elsewhere round our coasts. This must not lead to neglect of the reasons why we need the oil. Surely it is ultimately for the benefit of people as individuals so that we may all enjoy a better standard of living in an environment which is congenial to our own particular desires, this at least must be the ideal which all political parties desire.

It is clear from the evidence given at the inquiry so far that the technical reasons why Mowlem and Taylor Woodrow should build platforms at Drumbuie are far from convincing. There are clearly plenty of good reasons why they should not destroy the community of the Balmacara Estate and join those already building platforms on the Clyde even though this involves modifying the present design. The suitability of concrete platforms for some North Sea sites has already been questioned.

The issue that has to be decided is whether people still matter; the people of the Balmacara Estate and other small communities which may soon be threatened by similar massive industrial projects and the people of Clydeside.

Financial and political arguments and figures relating to foreign exchange are meaningless unless they are assessed in relation to the human misery caused either by disruption of life around Drumbuie or the frustration and degradation of persistant unemployment on Clydeside.

I hope Mr. Campbell will have the vision to consider the issue in its true context and not be influenced by political or financial expediency.

W. S. Hamilton.
5, Hurst Street,
Cumnor, Oxford.

Not Norwait, please

Sir,—We have noticed with mixed feelings that the British Press describes the Norwegians as "the blue-eyed Arabs" in connection with the North Sea oil. Please do not allow your brilliant Adrian Hamilton to refer to Norway as Norwait in his further correspondence. It might offend the oil millionaires in Kuwait and we still need their co-operation.

Daniel Liseth.
Frederik Stangs gt.14,
Oslo, Norway.

Increase in the money stock

Sir,—I have read with interest the sundry letters you have published in your column which have expressed concern over the extraordinary increase in the money stock since competition and credit control was inaugurated in September 1971. The statistics in the Bank of England Quarterly Bulletin, September 1973, which depict growth of M3 underwrite your correspondents' concern.

Since the third quarter of 1971 the quarterly rate of growth of M3 has on average been three times greater than the quarterly rate of growth of M3 in the preceding eight quarters. I very much sympathise with the concern of your correspondents and of your columnist C. Gor[don] Tether on the import such rapid growth in the money st[ock] has for the financial mark[et] and for the economy. It se[ems] to be beyond doubt that the r[ate] of increase must be reduced [and] stabilised at a much lower le[vel].

I am, however, even more c[on]cerned with respect to the po[licy] import of these letters. A[s I] understand them, the weight [of] opinion seems to suggest that [the] Bank of England should impose quantitative credit [con]trols on the lendings of domestic financial institut[ions] especially the banks. In addit[ion] it seems that the type of qua[nti]tative regulation which is be[ing] suggested should be particu[larly] severe and that its main we[ight] should be levied against [con]sumer credit and property c[om]pany finance.

While there is some validit[y in] curbing the rate of growth [of] these particular forms of lend[ing] it could be extremely dange[rous] for the Bank of England t[o be] pressured into the position [of] ordering savage cutbacks in existing loans outstanding. Q[uite] simply, this type of cut[back] could well result in a substa[ntial] number of bankruptcies many distress sales of prop[erty] and certain consumer goods. [This] type of development could u[nder]mine confidence in many of established financial and [com]mercial institutions and lea[d to] very undesirable consequence[s].

Dr. D. K. Sheppard.
38, Selly Wick Drive,
Birmingham.

Nuclear costs contradiction

Sir,—I refer to your sci[ence] editor's article of Decembe[r] about importing nuclear "k[now-]how."

On the face of it, he seem[s to] accept the extraordinary co[ntra]diction implicit in Sir Ar[nold] Weinstock's arguments in fa[vour] of light water reactors wher[e he] seems to say, (i) LWRs wil[l be] cheaper; (ii) Design changes [will] be necessary, and increase [the] cost; (iii) We have no idea [what] the increased costs will be, [be]cause "all our experience in [the] nuclear industry is that as [soon] as you change anything you [are] building a new prototype."

Add to this your damning [in]dictment of the Central Ele[ctri]city Generating Board for fa[iling] to make any power station c[ome] fully on stream within a rea[son]able time, and I can see no [hope] for us at all. I certainly do[n't] see any argument left for ch[oos]ing LWRs on cost grounds.

I am going out to chop d[own] a dead tree—at least I shal[l be] warm over Christmas.

C. G. Stables.
Framland, Easons Green,
Framfield, Uckfield, Sussex.

Events

To-day

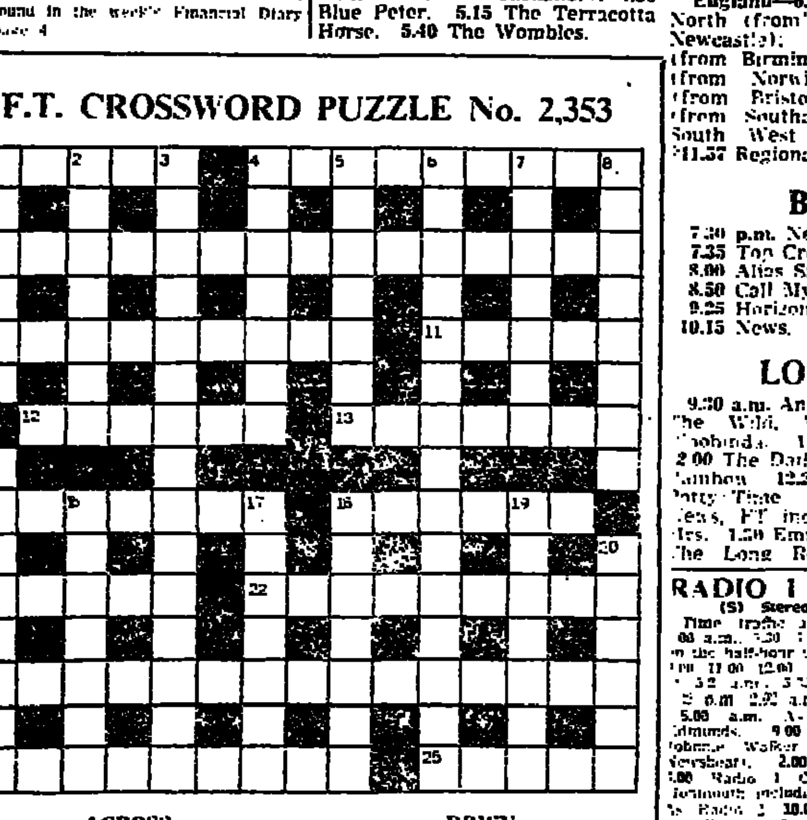
PARLIAMENTARY BUSINESS—

House of Commons: Statement by the Chancellor of the Exchequer on further measures to meet the present crisis. Until about 7 p.m. the business will be: Remaining stages of the Land Tenure Reform (Scotland) Bill and the Biological Weapons Bill and consideration of the Import Duties (General) (No. 5) and the European Communities (Definition of Treaties) (No. 2) Orders.

House of Lords: Grenada Termination of Association Order, with amendments. Road Traffic Bill, report stage; International Cocoa Organisation (Immunities and Privileges) (No. 2) Order; European Communities (Definition of Treaties) (No. 2) Order; International Sugar Organisation Bill second reading.

A list of to-day's company meetings can be found in the week's Financial Diary on page 4.

F.T. CROSSWORD PUZZLE No. 2,353



ACROSS

1 It's a privilege to be correct (5)
4 The duke's miniature picture holder? (9)
9 A priority for the investor? (10, 5)
10 Villain of the French old penny opera—by arrangement (9)
11 A touch to jog the memory (5)
12 There's nothing in the wood but a track (6)
13 The substance of a perfume (7)
15 Lived with an affected air though in the red (7)
18 Resolve to put investigators in the river (6)
21 Sullen oriental produces smut (5)
22 Spend about a pound on our beauty (9)
23 Presupposes that it will be so (5, 3, 7)
24 The most hale could be a goner in two ways (9)
25 Deal with an outing (5)

DOWN

1 Softly enters into attacks and shoots (6)
2 One who bribes to make things go more smoothly (7)
3 You or Eve (3, 6, 6)
4 Description which is valid for seven years (7)
5 Open but money-lender takes in nothing before Sunday (7)
6 Trade and be in touch with one who may be helpful in it (8, 7)
7 An orchestra playing without restraint (7)
8 Be untruthful to G-men about Eastern vassals (8)
14 Goddesses of destiny accepting the sails for vessels (8)
16 A poster of a poser? (7)
17 Arrange to sell (7)
18 Take great pleasure in something Turkish (7)
19 Tried unsuccessfully to accept work specifying the power of lenses (7)
20 Believe a good character with money (6)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

TV/Radio

† Indicates programme in black and white.

BBC 1

10.00 a.m. Magic Roundabout. 10.05 Champion the Wonder Horse. 10.30 Niko. Boy of Greece prepares to be a fisherman like his father. 11.00 Play School. 12.20 p.m. The Sunday Debate: The Roman Catholic Church, part 2. 12.55 News. 1.00 Pebble Mill at One. 1.45 Fingerbobs. 2.00 Rod Steiger talking to members of the National Film Theatre. 2.50 Times Remembered by Proud Mums, part 5: Julie Andrews's mother. 3.00 Breathing Space. 3.30 Budget Special. 4.00 Play School. 4.25 Yogi Bear. 4.35 Jackanory. 4.50 Blue Peter. 5.15 The Terracotta Horse. 5.40 The Wombles.
5.45 News.
†6.00 Nationwide.
6.40 Sykes.
7.10 Z Cars.
8.00 Panorama.
8.50 Natural Break.
9.00 Nine O'clock News.
9.55 Dimbleby Talk-in.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Ar Lin Mam. 6.00-6.40 Wales To-day. 6.40-7.10 Heddiw. †11.57 News of Wales.

Scotland—6.00-6.40 p.m. Reporting Scotland. 11.57 Scottish News Headlines.

Northern Ireland—6.00-6.40 p.m. Scene Around Six †11.57 Northern Ireland News Headlines.

England—6.00-6.40 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South West (from Plymouth). †11.57 Regional News Headlines.

BBC 2

7.30 p.m. News Summary.
7.35 Top Crown.
8.00 Alias Smith and Jones.
8.50 Call My Bluff.
9.25 Horizon.
10.15 News.

LONDON

9.30 a.m. Animated Classic. 10.15 The Wild, Wild West. 11.05 Robinda. 11.30 Let's Face It. 12.00 The Daily Fable. 12.05 p.m. Rainbow. 12.25 Michael Bentine's Potty Time. 12.40 First Report: News, FT index. 1.00 Mr. and Mrs. 1.30 Emmerdale Farm. 2.00 The Long Retreat. 2.25 Good Afternoon! 3.00 Jokers Wild. 3.30 Budget Special. 4.25 Clapperboard. 4.50 Robert's Robots. 5.20 The David Nixon Show.
5.50 News from ITN.
6.00 To-day.
6.40 Opportunity Knocks!
7.30 Coronation Street.
8.00 This Week's Special.
8.30 Quiet Waters.
9.00 Fixation.
10.00 News at Ten.

All ITV regions as London except at the following times:

ANGLIA

9.40 a.m. Your Choice. 9.45 Royal Clarence Yard. 9.55 The Lone Ranger. †10.20 Tales of Edgar Wallace. 11.15 The Galloping Gourmet. 11.40 The Dave Cash Radio Programme. 2.00 p.m. Christmas In Brass. 2.30 Houseparty. 6.00 About Anglia.

ATV MIDLANDS

†9.50 a.m. The Saint. 10.45 Yoga for Health. 11.10 Man and His World. 11.35 The Galloping Gourmet. 2.00 p.m. Dr. Simon Locke. 6.00 ATV To-day.

BORDER

9.30 a.m. Sesame Street. 10.30 Ed Allen Time. 10.55 Paulus The Wood Gnome. 11.05 Survival. 11.35 Primus. 1.00 p.m. Pig and Whistle. 2.00 Shirley's World. 6.00 Border News and Lookaround. 6.15 Look Who's Talking—Ian Wallace.

CHANNEL

12.55 p.m. Channel Lunchtime News. 2.30 Women Today. 6.00 Channel News. 6.10 Channel Knock-out Quiz.

GRAMPIAN

10.00 a.m. Arthur of the Britons. 10.30 Yoga for Health. 10.55 Felix the Cat. 11.05 Danger Man. 12.04 p.m. Mid-day Round-up. 2.00 Galloping Gourmet. 6.00 Grampian News. 6.05 The Living Stone.

GRANADA

9.30 a.m. Here Comes the Future. 9.50 "Gidget Goes Hawaiian." 11.25 The Galloping Gourmet. 11.50 Cartoon Time. 12.00 Babar the Elephant. 6.05 p.m. Granada Reports. 6.20 This is Your Right, with Dr. Michael Winstanley.

HTV

9.40 a.m. Cymraeg 1 Bawb—Welsh lessons for beginners. 9.55 Technoflash. 10.20 The Galloping Gourmet. 10.40 Sesame Street. 11.40 The Dave Cash Radio Programme. 2.00 p.m. Farmhouse Kitchen. 2.30 Fit to Last. 6.01 Report West. 6.22 Report Wales.

SCOTTISH

9.30 a.m. Yoga for Health. 9.55 Common Market Cookbook. 10.20 Through the Chair. 10.45 Technoflash. 11.10 Theatre of Stars. 2.00 p.m. Play With A Purpose. 2.30 Housecall. 4.25 The New Adventures of Batman. 6.00 Scotland To-day. 6.30 Professor Balthazar.

SOUTHERN

9.30 a.m. The Centre. 9.55 Hammy Hamster's Adventures on the Riverbank. 10.20 Yoga for Health. 10.45 The Galloping Gourmet. 11.10 The Elephant Boy. 11.35 Afloat. 12.00 Southern News. 2.00 p.m. Farmhouse Kitchen. 2.30 Houseparty. 6.00 Day By Day.

TYNE TEES

9.35 a.m. Christmas—Fact and Fable. 9.40 Skippy. 10.05 Western Civilisation. 10.30 Ed Allen Time. 10.55 Paulus the Woodgnome. 11.05 Wild Life Theatre. 11.35 Primus. 2.00 p.m. Farmhouse Kitchen. 4.25 The Houndcats. 6.00 To-day at Six. 6.35 Cartoon Time.

ULSTER

11.10 a.m. Hammy Hamsters Adventures on the Riverbank. 11.20 Ed Allen Time. 11.45 Romper Room. †12.59 p.m. Ulster News. 2.00 Farmhouse Kitchen. 2.30 Women Only. †4.23 Ulster News Headlines. 6.00 UTV Reports. 6.15 F Troop.

WESTWARD

10.00 a.m. Man and his World. 10.15 Milton The Monster. 10.45 Wagon Train. 12.23 p.m. Gus Honeybun's Birthdays. 12.38 Westward News Headlines. 2.30 Women To-day. 6.00 Westward Diary. 6.20 Sports Desk. 6.35 A Date with Danton.

YORKSHIRE

9.40 a.m. Make a Wish. 10.05 Western Civilisation. 10.30 Ed Allen Time. 10.55 Paulus the Woodgnome. 11.05 The Coach Builders. 11.35 Primus. 2.00 p.m. Farmhouse Kitchen. 6.00 Calendar.

RADIO 1 247m

(S) Stereophonic broadcast

Time, traffic and News summaries at [illegible] a.m., 7.30, 7.00, 8.00 then every hour on the half-hour until 6.30 p.m., 7.00, 8.00, [illegible] 11.00, 12.00, 1.00 a.m., 2.00. Weather [illegible] 6.32, 7.32, 8.32, [illegible] 2.02 a.m.

5.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker (including 12.30 p.m. Newsbeat). 2.00 p.m. David Hamilton. 5.00 Radio 1 Club with Rosko from Bournemouth including 5.30 Newsbeat. 7.00 As Radio 2. 10.00 Sounds of the '70s: Bob Harris (S) also on VHF. 12.00-2.02 a.m. As Radio 2.

RADIO 2 1,500m and VHF

Time, traffic and News summaries at [illegible] (VHF and 247m), [illegible] then every hour on the [illegible] 7.00, 9.00, 10.00, 11.00, 12.00, 1.00 a.m., 2.00. Weather at 5.02 a.m., 5.32, 6.02, 6.32 (VHF and 247m), 7.02, 7.32, 8.02, 8.32, 9.02, 5.32 p.m., 6.15, 6.32, 2.02 a.m.

5.00 a.m. News Summary. 5.02 Tom Edwards (S) with The Early Show including 6.15 Pause for Thought. 7.02 Tony Brandon (S) introduces Andy Williams this week's Radio 2 star at 8.30. 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02. 11.30 Pete Murray's Open House (S) including 10.30 Waggoner's Walk. 11.30 Terry Wogan (S). 1.30 p.m. Joe Henderson (S) music in singalong style including 1.45 and 2.45 Sports Desk. 3.02-5.00 John Dunn (S) including 3.45 Sports Desk. 4.15 Waggoner's Walk. 4.45 Sports Desk. 5.02 Brian Matthew (S). 6.50 Sports Desk. 7.02 I'm Sorry, I'll Read that Again. 7.30 Teddy Johnson presents The Song Stylists. 8.02 Humphrey Lyttelton with The Best of Jazz. 9.02 Alan Dell (S) introduces The Big Band Sound. 10.02 Late Night Extra 1500m (202m in Scotland) including 10.15 Sports Desk. 11.30 The Price of Fear: 1500m (202m in Scotland). 12.00 Midnight Newsroom. 12.05 a.m. Night Ride (S). 2.00 News Summary.

RADIO 3 464m. Stereo & VHF

7.00 a.m. News. 7.05 Overture: Smetana, Dvorak, Smetana (S). 8.02 News. 8.05 Morning Concert: Bizet, Jean Françaix, Satie, Orch Debussy Milhaud, Satie (S). 9.00 News. 9.05 This Week's Composer: Copland (S). 9.45 Talking About Music (S). 10.15 Prague Spring Festival: Paganini, Lutoslawski (S). 11.20 Orchestral Concert, part 1: Bach, Grieg (S). 11.55 Romanticism and Music (discussion). 12.15 p.m. Orchestral Concert, part 2: Dvorak (S). 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.00 Anton Heiller, concert (S). 3.10 Beethoven and Brahms concert. 4.05 Music for Organ: Bach, Franck, Reger (S). 4.55 Bandstand (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30-7.30 Study on 3. 7.30 The Symphony: part 1, Haydn, Mozart. 8.35 Paul Hamburger talk. 8.55 The Symphony: part 2: Beethoven (S). 9.40 Reith Lectures. 10.10 Schubert's Last Year. 11.15 Organ recital, Bach, Bohm, Brahms, Buxtehude (S). 11.45 News.

RADIO 4

434m, 330m, 285m & VHF

‡ Medium Wave only

6.20 a.m. News. 6.22 Farming Week. 6.40 Prayer for the Day. 6.45-8.45 Today. ‡6.50 Travel News, What's On and Keep Fit. 6.55 Weather and programme news. 7.00 News and more of Today including 7.25 Sportsdesk. 7.35 Today's Papers. 7.45 Thought for the Day. ‡7.50 Travel News. 7.55 Weather, programme news. 8.00 News and more of To-day including 8.25 Sportsdesk and 8.35 To-day's Papers. 8.45 Christopher Matthew appeals to the BBC Sound Archives—bachelorhood. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Any Questions? 11.50 Favourites from the Archives. 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. ‡12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (2.00-2.02 News). 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre: "M'sieur from Armentieres." 4.35 Story Time. 5.00 PM Reports. ‡5.50 Stock Market Report. 5.55 Weather, programme news. 6.00 News. 6.15 Just a Minute. 6.45 The Archers. 7.00 News Desk. 7.30 Gert and Daisy Remember: Elsie and Doris Waters with recollections. 8.00 The Monday Play "The Ballad of Cock Lane" (S). 9.29 Weather. 9.30 The World Tonight. 10.30 A Book at Bedtime. 10.45 Kaleidoscope. 11.15 Today in Parliament. 11.30 News.

London Broadcasting

417m and 97.3 VHF

International and national news every hour and half-hour: Greater London news every half-hour.

Financial Times business news service as follows: 11.35 a.m. Each weekday: How the markets opened: 1.35 p.m. Round-up of business news, company profits, deals and bids: 3.35 News and latest prices after market close: 5.35 Report on day's main business news: 11.35 Repeat of 5.35 report.

Sports bulletin (Monday to Friday inclusive) at 6.00 a.m., 7.40, 8.40, 4.50 p.m. (complete classified racing results), 5.55 and 10.35 (complete round-up of greyhound results).

6.00 a.m. The Morning Show presented by David Jessel. 9.00 Two in the Morning! Paul Callan and Janet Street-Porter. 11.00 Open Line presented by George Gale. 1.00 p.m. London at One. 2.00 At Home . . . with Gillian Strickland and Stewart Francis. 4.30 The Afternoon Show presented by Clive Roslin. 6.30 News World Wide. 7.00 Feedback presented by John Torode and David Wilcox. 9.00 Sounds New presented by Sarah Dickinson. 11.00 News. 11.30 Nightline presented by Dennis Rookard.

Capital Radio

539m and 95.8 VHF

6.00 a.m. Roger Scott and Monty Modlyn. 9.00 Tommy Vance and Joan Shenton with Swop Shop (10.05 She and Me and 11.00 Dapple Downs). 12.00 Dave Cash's Countdown. 2.00 p.m. Tony Myatt—Music and new talent feature (2.15 The Courtesans and 4.00 The Bedsitter). 4.15 Dave Symonds—Music. 5.55 Honey Adair. 6.00 London's Day. 6.30 Nicky Horne's Rock Show. 8.30 Allan Hargreaves on Open Line. 10.00 Classical music with John Barry. 11.30 Marsha Hunt and guests. 12.30-6.00 a.m. Night Flight.

Racing

Solid Gold to shine

by DOMINIC WIGAN

EARLY THIS year *Monty's Reward* held on by a head to beat Proud Tarquin over three miles at Leicester and I expect to see him gain another success over the course and distance today, in the Holly Tree handicap 'chase (1.30).

Monty's Reward, a strong seven-year-old gelding by Damremont, has not won this term, but he has been running well in useful company and went close to winning here five weeks ago when third to Royal Slave.

In that event, the Broxbills handicap 'chase, Monty's Reward was in a slight lead when blundering badly at the final fence and although he rallied well on the flat, Royal Slave and Shy Spirit had gained a good advantage, and *Monty's Reward* failed to get up.

Five pounds below Monty's Reward in this afternoon's race is Hinterland, trained by Tim Forster. This stable companion to Saturday's SGB 'chase winner, Mocharabuice, had a profitable time in the 1972-73 season when his successes included a victory in the Kim Muir Memorial 'chase at Cheltenham.

On his only appearance this season, Hinterland finished a well-beaten seventh of eleven to Even Dawn here 12 days ago. Nevertheless, this bay gelding is likely to have derived considerable benefit from that outing, and he is suggested as the principal threat to Monty's Reward.

An hour later Tim Forster and his stable jockey, Graham Thorner, have another sound prospect with *Solid Gold* in Div. II of the Christmas Tree novices' 'chase (2.30). This ex-Irish gelding stayed on strongly to defeat Sauce Belle by six lengths on this course earlier this month, and I hope to see him complete a quick double, at the main expense of Ramrig.

In the seventh and final event, Div. I, Part II of the Christmas Tree novices' 'chase (3.25), the improving *Dorlesa* is suggested as a reasonably good bet to deal with some moderate rivals.

At this afternoon's only other meeting, Wye, the recent Taunton and Huntingdon winner, *So Noble*, ought to complete a hat trick in Division II of the Romney novices' hurdle (3.15) where he is preferred to Javelindsay.

At Ascot on Saturday, Helmsman was a heavily backed favourite for the SGB 'chase but, although he stood out in the paddock, Bob Turnell's eight-year-old was always trailing Mocharabuice in the final half-mile of the race, and he failed by seven lengths to catch that gelding.

However, favourite backers had a better time in the day's other major event, the SGB hurdle, for here Lanzarote never appeared to be in any danger of defeat, and he easily accounted for Swift Shadow and Moonlight Bay.

Lanzarote, who is now 9-4 favourite for the Champion Hurdle in March, will have his next outing at Kempton on Boxing Day in the Christmas Hurdle.

Selections:

LEICESTER

12.30—Moorswood
1.00—Grangewood Girl
1.30—Monty's Reward**
2.00—Arctic Grey
2.30—Solid Gold
3.00—Fighting Taffy
3.25—Dorlesa*

WYE

1.15—Cherry Traces
1.45—Stonebridge Lane
2.15—Gardez le Reste
3.15—So Noble***

GIBBONS TO LAUNCH MAGAZI[NE] FOR FLOWER ARRANGERS

A new quarterly mag[azine] called Flora, aimed at fl[ower] arrangers and gardeners, is launched by Stanley Gi[bbons] Magazines, a subsidiary [of] Stanley Gibbons Internation[al] part of its diversification [into] other leisure hobbies.

The first issue will appe[ar at] newsagents next May 15, [a few] days before Chelsea Flower [Show].

The Editor will be R[...] Bennett and major editorial [con]tributor will be Julia Clen[...] the writer on flowers and f[lower] arrangement.

CO-OP BANK F[OR] ROTHERHAM

The Co-op Bank will o[pen a] branch in Rotherham to-d[ay as] part of a drive to increase [its] coverage by 60 per cent. [in the] next three years.

One of four branches to [have] been opened by the bank [in the] past 15 months, the office w[ill be] housed in new premises in [...]gate. This brings the bank's number of branches t[o ...]

La Forza del Destino

by ANDREW PORTER

Since Sadler's Wells is not, this season, giving its production of *The Force of Destiny*, it makes sense for Covent Garden to revive the opera, let us hear in the flesh Martina Arroyo's Leonora that was so successful on record, and Sherrill Milnes's Carlo, and at the same time introduce a fine new conductor, Giuseppe Patanè. His vivid, colourful and (apart from too slow a *tarantella*) securely-paced account of the score last night fully confirmed its high international reputation.

La forza del destino, composed for Petersburg in 1861, revised in 1868 after the experience of *Don Carlos*, is a difficult, interesting and beautiful score, a product of the years during which Verdi's mind was working towards a more "serious" and less stilted kind of opera. The Times critic of the London première, in 1867, was quite right to detect influence from "the German school"; Italians—including the indignant composer—deny it; but Verdi himself, who admired Wagner's theoretical writings, declared that *Forza*, along with *Carlos* and *Aida*, was a new kind of opera, "a modern opera" for which good singers were not enough; a single directing mind was needed to supervise every detail of the presentation. *Forza* is a series of vast canvases. In some of them the principals are dominant; in others they disappear amid a whirl of genre scenes. It is possible that some of the music imagined for *Lear* went into *Forza*; and certainly the setting of a scene from Schiller's *Wallenstein* found its way into Riva's romantic drama. Holding it all together is not easy.

The Sadler's Wells production was the first in my experience to do so. Covent Garden's is not so successful. Ande Anderson has staged it in the trivial, unhelpful Wanamaker scenery of 1962 (it might have been more effective to borrow the Coliseum's for the season), and while some of his production is neat enough, a good deal of it employs tired cliché. The innovations are unhappy. Melitone eavesdrops, unforgivably, on the duet between Leonora and the Father Guardian. The clarinet solo that utters Alvaro's musings is used as accompaniment to a pantomime for a soldier and his girl-friend. The long splendid musical sequence that should close Act 3, with an open scene-change during the "voluntary" for organ and solo violin, is interrupted by a curtain and a short interval.

On the other hand, the genre scenes benefit from strong casting—Paul Hudson as the Alcade, John Dobson as Trabucco—and from good choral singing. Katherine Pring's Preziosilla was addressed too consistently at the audience; in later performances she may engage more convincingly with the action around her. Renato Capecchi had no voice on Friday, but plenty of comic resource in his account of Melitone. Robert Lloyd as the Marquis of Calatrava and Elizabeth Bainbridge as Curra were other small parts cast at strength; in the larger part of the Father Guardian, David Ward was smooth and benign but not magisterial.

But those who attend the opera to hear the stars may find all that unimportant. The bright star on Friday was Mr. Milnes, in his best voice and his most commanding form, handsome, powerful and imposing, making much of "Urna fatale," if not quite able to persuade us that its cabaletta is anything but a blot on the "seriousness" of the score (the other blot, of course, is the cabaletta of the Act 4 duet, for all its brevity). Miss Arroyo was also in her best voice, even though there were occasional patches not quite in tune. The long, broad phrases were filled with secure and ample tone; the phrasing was shapely. And yet she was not quite Donna Leonora di Vargas, one of Verdi's most amply characterised heroines, so much as a good soprano voicing the music well—the result, in part, of very placid acting, and in larger part, I think, of insufficient attention to dramatic declamation of the words.

But, in this work, one soloist may be said to dominate, then *Forza*, like *Ballo*, is the tenor's opera. One wants a tenor who is young, ardent, and exciting. Failing that, one can be well content with Charles Craig's sensitive, intelligent, carefully phased, and securely voiced interpretation. His acting lacks temperament (that first entrance, which should be an impetuous rush, was positively dignified), but he was responsive to the variety, richness and eloquent colours, of the music. So, all in all, not a great evening perhaps, but certainly one that could be enjoyed.

Henry Green

Henry Green, whose death was announced at the week-end, gave a striking refutation of the view that one cannot have a career in both literature and industry, and achieve success in those two worlds at the same time. Under his real name of H. V. Yorke, he became managing director of Pontifex and Sons, manufacturers of brewing equipment, while as Henry Green he wrote a brilliant batch of novels, starting with *Blindness* (1926, now a bibliophile's rarity) when he was still at Eton.

At Oxford he studied English literature under C. S. Lewis, but he became disillusioned with the pompousness of undergraduate existence and left without a degree to join his father's firm. Exposure to Birmingham factory life provided the material for *Living* as well as integrating him into life itself; from then on Green produced one fictional *tour de force* after another, anticipating among much else the modern vogue for the single word title: *Loving* viewed the Second World War from the remote orientation of a big house in Ireland; *Caught* reflected his experiences in the London Auxiliary Fire Service of the 1940s; and *Nothing* and *Doting*, the social inanities of the early 1950s.

Green had a mimetic ear for the speech styles of both the well- and the low-born; he experimented with a rococo-like prose in his descriptive passages, and if one had to single out something common to all his nine books it was the wry comedy he derived from the universal prevalence of erotic envy. Henry Green's personal aversion to being photographed was a pity, for he was an extremely good-looking man and a most convivial companion.

ANTHONY CURTIS

Purgatory and The Bear

by RONALD CRICHTON

The short season of opera productions from the Royal Northern College of Music at Manchester, which has made such a good impression, ended at Sadler's Wells Theatre on Saturday with a matinee of Britten's *Midsummer Night's Dream*, followed by Stravinsky's *Rake's Progress* in the evening. The third programme, seen for a single performance on Friday, was a double bill consisting of *Purgatory*, by Gordon Crosse, and Walton's *The Bear*. Crosse's one-acter was a joint commission by BBC Television and the Cheltenham Festival. It is a setting of Yeats's play about a tramp who knifes his bastard son in a haunted ruin where, years before, he murdered his drunken father.

In James Maxwell's production we see more of the ghosts than the libretto suggests. The ghosts are the murdered father and the beautiful wife who married beneath her and died giving birth to the child who became the tramp. They are already there in the orchestral prelude; they appear on and off throughout the action. Their presence may help to make the story clear (the singers' good diction helps more) but they look quite as real as the living characters, while their intrusions spoil by anticipation the single moment when Yeats intends one of them to be seen.

The score came up well under Michael Lankester's direction. Crosse's orchestration is tense, prickly and jagged without covering the voices, and there are moments of compassion that give the murky doings greater dignity than they perhaps deserve. The part of the tramp was taken at short notice last night by Henry Herford. His voice is light for the role but he was commendably certain of notes and words. The boy was Peter Bodenham, his nervous, crafty flitting round the stage effectively disguising his tallness.

The Bear is an enjoyable little piece. The parodies of eminent Russian and English models (Walton himself included) are artfully contrasted in style and rhythm, while the timing is so adroit that one is amazed (and saddened) to remember that Walton has not been writing comic opera all his life. The nearly inconsolable widow and her bearish suitor need fruitier voices than most students are likely to possess, but Vyna Martin had the assurance if not the weight, and John Rawnsley's incisiveness made up for his slight appearance. The producer was Ernest Warburton. The conductor, Bryden Thomson, was as successful as Mr. Lankester at producing lively orchestral playing that was not too loud for the singers.

Covent Garden

Romeo and Juliet

by CLEMENT CRISP

In Kenneth MacMillan's production Juliet is a true daughter of the brawling, hot-blooded Verona that is shown to us in the crowd scenes. These frame the encounter between the two lovers, and "the fearful passage of their death-mark'd love" reflects Juliet's nature as a child of the masterful Capulet and his temptestuous wife — Michael Somes and Julia Farron give them strong, vivid personalities. Lynn Seymour's Juliet, which we must accept as the "authentic" interpretation, awakes to love and discovers in herself a passionate determination that impels the tragedy along: Dame Margot Fonteyn revealed again on Saturday night a much quieter way, less resolute and more innocent. (With the Bolshoy Ballet it was this same contrast that distinguished Plisetskaya's heroic reading from Ulanova's sweeter, more poetic performance.) Preference in this matter is, I suppose, a question of personal taste, but there is no question about the artistry with which Fonteyn deploys all her skill to make us believe in her view of Juliet as a victim of the drama rather than its cause.

The Balcony scene loses something in expressive warmth, but the last act—on Fonteyn's terms—is wholly touching as the girl becomes crushed beneath the weight of her domineering parents and her own helplessness. The dancing is light in texture, but an exquisite musicality guides it, and the choreographic text admits of those changes which justify Fonteyn's version, so that the girl now seems excitable and distraught rather than impassioned.

Nureyev's Romeo is as ardent as ever, and he finds continuing dramatic interest in the crowd scenes: Mercutio's death and the duel with Tybalt are given a fine intensity of response. There was strong response, too, from the whole cast — Derek Rencher's Paris merits special mention in that, after more than a hundred performances, he can still bring nuances of behaviour to keep the characterisation fresh and convincing.

Museum charges

In reply to some recent questions in the House of Commons, Norman St. John-Stevas, the Minister for the Arts, has clarified some matters concerning the impending charges for admission to national museums and galleries.

In order to put the proceeds from these charges freely at the disposal of the galleries, the 1974-75 Vote for each museum and gallery will be increased, subject to Parliamentary approval, by the net amount of the receipts.

Applications may be made by trustees for free days once a week at any time during the "low season," or throughout the year if the week-ends are excluded. Old age pensioners will be admitted free after the charges have been introduced.

Coliseum

Maria Stuarda

by ANDREW PORTER

Janet Baker

London was once in the forefront of the Donizetti revival, but that was at St. Pancras. Covent Garden, despite the success of its *Lucia*, did not follow it with a *Lucrezia Borgia*, a *Caterina Cornaro*, a *Pia de' Tolomei* or *Poliuto* revived for Joan Sutherland; Solti did not care for Donizetti. Glyndebourne, it is true, mounted *Anna Bolena*, in 1965. But the Sadler's Wells *Maria Stuarda* is London's first full-scale production of a Donizetti opera outside the "canon" of *Lucia*, *Don Pasquale*, and *L'elisir d'amore*. In the 1949 edition of his *A Hundred Years of Music*, Gerald Abraham could still write: "To-day the masterpieces of the period (1830-40) have almost without exception vanished from the repertory; at best one can hope to hear nothing more than occasional concert excerpts from Donizetti or Meyerbeer or a sporadic half-dead 'revival' for the benefit of some star singer." Perhaps he had in mind Covent Garden's 1925 revival of *Lucia*, with Toti Dal Monte, withdrawn after a single, derided performance. Things have changed. In Germany, in the late 1950s, *Lucia* was the most popular opera, topping *The Magic Flute* and *Figaro*. Donizetti's "Tudor triptych" is in the New York repertory. *Lucrezia*, *Roberto Devereux*, *Maria Stuarda*, and *La favorite* are heard the world over.

There are at least five linked reasons for this proliferation of Donizetti. First, our time is one of survival—of music, not just from *Ottocento* but from all ages—brought about in part by the long-playing record, which makes the music of any century available at the turn of a switch. Second, a generation has grown up no longer believing that opera, and especially Italian opera, is in some way inferior to the "pure" forms of symphonic or chamber music—that wildly unhistoric notion (very few of the great composers have not been obsessed with opera) affirmed or implicit in most English and German books on music published in the first half of the century.

Third, contemporary opera has never been so publicly unsuccessful as it is to-day. A hundred and more years ago, *Bellini's or Donizetti's latest* composition would swiftly reach Vienna and Paris and London; and it would have been composed for the leading singers of the day. To-day, Mmes. Caballé and Sutherland and Sills are not taking round the world the newest vehicle that Stockhausen or Henze or Luigi Nono has composed for them; so for novelties to renew the repertory, managements look to the past. Which brings us to the fourth reason; it is, and always has been, the star singers who attract the big audiences, and it is for the star singers who want to do Donizetti that the opera houses put on all these productions. Fifth, it nedeed Maria Callas and the generation of interpreters that she inspired to 'reveal the merits of Donizetti's scores and proclaim in practice that what may look thin or dull on the page can prove thrilling in the theatre.

Maria Stuarda, at the Coliseum, has been staged for Janet Baker (though the later performances will be led, at soprano pitch, by Margaret Curphey). It was not the obvious choice; that would have been *La favorite*, the title-role of which was composed for a mezzo. Stuarda was composed for two sopranos, and though now a mezzo usually undertakes one of the parts, it is the part of Elizabeth; Grace Hoffman, Shirley Verrett, Anna Reynolds and Huguette Tourangeau have been Elizabeths to the Maries of Maria Kouba, Leyla Gencer, Caballé and Sutherland; only Sills, with Pauline Tinsley, Marisa Galvany, and in the record'ng, Eileen Farrell, has regularly been paired with another soprano. To help the role lie well on Miss Baker's voice, all Mary's music has been lowered by a semi-tone—with the exception of the Sextet and the *Dialogo delle due regine*, left at original pitch, and the *Duetto della confessione*, down a full tone to F minor.

In addition, Leicester's cavatina and his solo strophe in the duet with Elizabeth that closes Act 1 are down a semitone; and in the second finale, where originally the two queens shared a high unison line over male-voice chorus, Mary's line is re-shaped and some new choral ladies are brought on to help Elizabeth to sustain the tune. (I must not pretend that I noticed all of this in detail for myself; I checked with Sadler's Wells.)

The programme asserts, without evidence, that pitch in Donizetti's day was a semitone lower than ours (the nearest figures I can find are for 1845, when Turin was at our A440, and Milan still higher, at A446.5). But, in any event, none of this transposition matters as it would in middle Verdi. More serious is the fact that, whatever its basic pitch, the title-role is composed for a "longer" voice than Miss Baker's, the full glory of which is contained within a comparatively narrow range. All her art cannot conceal that she is not a "natural" for this farflung kind of vocal writing, and sounds less easy in it than in Handel or in the Monteverdi and Cavalli roles that Raymond Leppard has rewritten for her. In Mary's high-lying phrases her voice, still taxed by the *tessitura* (or general pitch level, not just a matter of climactic high notes), takes on an edge of impurity. There is also the question of style. Caroline Unger, Beethoven's alto in the Choral Symphony, was a famous Mary, and Donizetti—through his master Simone Mayr, and Mayr's master Bertoni—can trace a line of descent from Gluck; nevertheless there is something disturbing about the conflict between Miss Baker's noble, classical style and vocal writing which depends so largely on display.

But in this conflict there is also something inspiring. As I wrote after the first night, everything that Janet Baker sings is worth hearing, and every role Janet Baker undertakes on the stage is worth watching. The intensity of delivery and of acting, the rich emotional identification with the character, the quick phrase-by-phrase sentience, the individual and affecting beauty of the timbre, and the beauty of appearance and of demeanour—all these amount to something wonderful. She sings the dramatic outbursts in a bold, open way; the famous "*Vil bastarda*" phrase ("Obscene harlot . . . Vile bastard, the English throne is profaned by your foot"), climaxing on an A, is flung out with tremendous passion and force. One hopes that the voice, thus unsparingly used, will not be harmed when Miss Baker returns to her natural repertory. She is best of all in sad music; passion mingled with remorse in the richly wrought *Confessione*; gentle shining faith in the simple yet subtle *Preghiera degli scozzesi* (though Miss Baker was not always audible here above the chorus, the fault may be Donizetti's; Caballé, in the Festival Hall performance, was similarly inaudible); tender, almost transfigured benediction in the final *Aria del supplizio*.

Donizetti's musical imagination takes fire in these closing scenes, a long sequence for the heroine broken only by the sombre, carefully written *Inno della morte* for the chorus. But as a whole, the opera should not be counted among Donizetti's finest. In Act 1, the working of an orchestral tag during Leicester's cavatina and the hints of duet provided by Talbot's interjections are ingenious. Mary's entrance aria in Act 2 is attractive but unmemorable; the Sextet is a good piece; the central exchanges of the two queens can be powerful but their solo strophes are trivilialised by the perky accompaniment. At the start of Act 3, the continuation of a duet as a trio is a nice if not uncommon stroke; the cabaletta of this trio is the lowpoint of the score. Then, rather late in the evening, things look up musically as the orchestra prepares for Mary's confession; thereafter, only its cabaletta, arnd the lame final cabaletta (just redeemed, perhaps, by a sudden "Schubertian" shift to the major), let us down.

When I first heard *Maria Stuarda*, at St. Pancras in 1966, my reaction to the piece was less temperate, my rapture all but unmodified—and it is gratifying that, at the Coliseum, newcomers to Donizetti evidently feel the same. The composer's vitality, clichés and all, was still unfamiliar and proved boundlessly exhilarating. Since then, further performances of the opera, and increasing familiarity with others in which Donizetti's creative flame burns more consistently high, have led me to rate it somewhat below *Anna Bolena*, *Lucrezia*, *Lucia*, *Belisario*, and even the flawed but fascinating *Pia de' Tolomei*. By the librettist Giovanni Bardari, Schiller's play was impoverished. The complicated, ambitious Leicester becomes a cipher, and Elizabeth a stereotype of a jealous tyrant. Tenor, baritone (Cecil), and bass (Talbot) have dull roles. Mary alone remains a character to seize the composer's imagination—whereas, in the other works named, all the personages achieve musical life.

The disproportionate attention paid to *Stuarda* must be due to the familiar subject, to the heroine's big opportunities (in an age without star tenors and baritones), and to the chance of presenting two divas on one evening (though *Bolena*, in fact, shares the first advantage, and both *Bolena* and *Belisario* share the last). At the Coliseum, Pauline Tinsley sings Elizabeth with force and brilliance. Trussed by a farthingale, limited in movement to a twitch of head or hand and an angry waddle, her acting grows monotonous and verges on caricature; but there are some impressively imperious utterances. Keith Erwen, Christian du Plessis, and Don Garrard fill in the other parts reasonably well. The English version, by "playing down" Leicester's romantic attachment to Mary, and by defrocking Talbot, makes their roles dimmer still.

Desmond Heeley's clean, simple décor is less stark than Pier Luigi Pizzi's for the Florence production that has made the rounds of Italy and America, and more dignified than Ming Cho Lee's toy-Tudor in New York. The dark leafy box suggests tapestry in Whitehall Palace and then lights into the foliage of Fotheringay park. In the final march to the scaffold, an avenue of glittering statues presents the same problems of scale, in relation to the singers, as did the statues in Zeffirelli's *Don Giovanni*. John Copley's sure touch fails him at the last—Mary, blindfold, groping her way unsupported towards the wings, makes a feeble curtain—but that can easily be changed. For the rest his production is assured, sensible, and striking in some of its details. Charles Mackerras conducts with the unobtrusive mastery that Donizetti needs, giving the soloists firm, sensitive support and providing eloquent instrumental "commentary" during introductions and recitatives. Hazel Vivienne's chorus offers a most imposing account of the *Inno*.

In 1837 Donizetti advised the conductor of a forthcoming *Stuarda*, starring Caroline Unger, to remove the "intrusive" Act 2 duet, the "ineffective" Act 3 trio (substituting any favourite air of the tenor's), and the preceding duet as well if the Elizabeth was unremarkable; and, in general, to "omit or cut as you think best." The autograph is unknown. At present there are three performing editons of *Maria Stuarda* going the rounds:

1—The "Bergamo" edition, snipped and snicked and altered by a modern editor — used in New York, and round the world by Mme. Caballé

2—The "St. Pancras" edition, corresponding to the published vocal scores, based on an 1865 Naples score prepared by an unknown hand. This is heard in the Sills recording, and at the Coliseum. Mr. Mackerras, however, has thinned down some of the denser 1865 scoring to more Donizettian proportions.

3—The "Opera Rara" edition, Patric Schmid's reconstruction of the opera as Donizetti himself revised it for Malibran, at La Scala in 1835. Joan Sutherland is using it this season in Philadelphia and Hartford; this Malibran version, going both higher and lower than the others and exploiting her flashy technique, would not suit Miss Baker.

★

In to-morrow's paper Andrew Porter will be reviewing the London Opera Centre production of Charpentier's "Louise."

SPORT: SOCCER

The Cup that failed to cheer Southend

BY TREVOR BAILEY

THE F.A. CUP can still mean a great deal to a club, like Southend United, who are currently situated in the wrong half of the Third Division and existing on gates which fail to cover the considerable running costs.

A good Cup run provides the last real hope of exciting an ever-decreasing number of supporters and turning certain loss into a possible profit.

Unrewarding

On Saturday, they negotiated, not entirely convincingly, the second hurdle by beating Fourth Division Reading by 2—0, but have the misfortune now to be confronted by what looks an unrewarding tie, both in terms of finance and further advancement, away to Peterborough.

What Southend really wanted was a couple of relatively comfortable home ties to catch the imagination of the general public and eventually to be knocked out by one of the big boys before a large crowd. This type of performance not only whips up local interest, which is somewhat apathetic at present, but, perhaps even more important can give the players that belief in themselves which makes such a difference in terms of results.

Football, like the country, is in considerable economic trouble which is not entirely of its own making. A 1.45 p.m. kick off combined with a far from spectacular playing record reduced Saturday's gate to a miserable 6,000, which appeared even smaller and quieter, because the ground can hold 30,000.

In the first half, it must be admitted that Southend gave their fans little to enthuse over, as Reading, playing with surprising skill and imagination for a Fourth Division club, provided 70 per cent. of the football and, having hit the post, and missed one open goal, were desperately unlucky to be one down at the interval.

Southend took the lead, when their forwards chased a speculative high, up and under, kick, which one of the defenders conveniently managed to head back over his advancing goalkeeper, D'Eath to the nippy Brace, who did the necessary.

After the break Southend began to show more authority because their back four, in which Townsend is plainly a good prospect appeared to ignore their largely ineffectual midfield trio and hit the ball to their three front runners.

As Guthrie, a most impressive, tall leader of the line repeatedly won his duel in the air, the Reading defence was often in trouble. Southend increased their lead, when a corner kick reached Johnson, who shot powerfully into the net through a crowd of players.

Confronted with a two-goal deficit Reading took a calculated risk which failed. They brought on Freeman, a big, rather cumbersome striker to provide their lightweight forward line with more power and changed from the standard 4—3—3 to the more demanding 4—2—4. But he was soon injured. The move destroyed their cohesion and for the first time, Southend controlled the middle of the pitch, and were foiled from increasing their lead only by some fine goalkeeping.

On this performance it was easy to understand why Southend are not challenging for promotion, which is a pity as they possess both the ground and the crowd potential to support Second Division football.

They will need to show more ideas and flair, particularly in the centre of the park, if they are to come away from Peterborough unbeaten in the next round.

Reading were naturally disappointed at being eliminated and can claim luck was against them in the first half and that later they might conceivably have been awarded a couple of penalties. On the other hand, it must be admitted that a number of fouls on the dangerous Guthrie went unpenalised at the other end.

Main need

However, this defeat could prove a blessing to the visitors, as it will allow them to concentrate exclusively on their main objective, a return to the Third Division. Judging from their football on Saturday they have the class and would be an asset in this higher sphere.

All they seem to lack is one good, big forward to capitalise on their build-ups. If, for example Guthrie had been in their side, they must almost certainly have won this interesting, yet strangely unemotional cup-tie without undue trouble.

RUGBY UNION

Hannaford faultless in regional trial

BY PETER ROBBINS

THE FIRST regional trial in which the South Western and Southern Counties beat the Metropolitan Counties 20-6 was a trial to watch, full of familiarity of thought and execution, and devoid of originality.

Incumbents of the England team will find it harder to get out than the pretenders to get in judging by this performance.

Neither Jorden, nor Butler, appeared to be of international standard, although Butler was successful with his kicking and looked a better long-term choice.

Morley and Janion had a violent confrontation on the wing, Janion restating that this is his best position. Morley ran as strongly as ever, proving to be dangerous with a little room, but neither of them can match Squires in trickery or dexterity.

Plummer showed initiative but McKay was starved, largely because the centres cancelled each other out with good tackling. In fact the game was one of solid defence rather than vital attack.

Kent had no opportunities, but he has a strong and appealing directness. Ling also showed some genuine fluency in his passing.

Interest centred on the half-backs, on Bennett in particular. Under pressure for a change, he was not particularly impressive. He kicks well, but this game highlighted his slow and restricted distributive ability which let Kent and Johnson get to grips with Ling and Hill.

Page, his partner, has quickened his pass, but neither he nor Vosper would oust Webster or Smith. Nevertheless, Vosper had a useful game

Hinton had to go off after 11 minutes, being replaced by Ballward, who alternated briefly with Skinner at loose head

The West had the better front row both physically and technically, Pullin taking four against the head

It was significant, however, that the Met's pack gained the scrummaging initiative in the final quarter due to constant propulsion by Martin and Rodgers in the second row.

The line-out and rucking were sloppy, but Hannaford relieved the gloom with a first-class No. 8 display, eclipsing a rather listless Ripley. Hannaford missed Janion once but otherwise was faultless.

Hollins on the Met flank and diligent Bucknall caught the eye but Dixon will be the serious contender for Watkins's place.

West scored against the run of play, while Hannaford plucked a poor kick from Page out of the air to score in the corner after clever play by Morley and Plummer. Butler converted the next try by Morley after being involved himself in quick passing with Hendy and Watkins.

The West half-time lead of 10—0 might not have existed, had Jorden or Bennett kicked any of three penalties and Ripley not dropped the ball with the line bare.

Butler kicked two penalties after the interval and the Met, with their backs playing disjointedly, seemed unlikely to score until they succeeded from a well-rehearsed short penalty. Martin, Page, Bucknall and Hollins were all involved before Martin scored.

Morley scored again for the West after an overhead pass from Hendy and a quick dribble to the corner. The next instalment is at Beeston between the North and the Midlands.

YACHTING

Disputed penalty pegs back U.K. Southern Cross challenge

BY ALEC BEILBY

SYDNEY, Dec. 16.

THE THREE-YACHT British team challenging for the Southern Cross Cup suffered an early setback in the first race of the series yesterday when Arthur Slater's Prospect of Whitby was judged to have been across the starting line before the off and given a two-hour penalty, a virtual death penalty on a course of 30 miles that was covered by the leaders in little more than four hours.

Without the penalty, Prospect of Whitby, which seemed by most observers closer to the situation than the race officers to have made a typically superb start, would have won the race and placed the British team second to the New Zealanders. As it was, and in spite of a protest by the British crew that the race officials were unsighted at the start, the sentence imposed remained and the British team dropped to fifth, with 38 points, 37 points behind the leaders.

The opening race, sailed in near perfect conditions with a fresh wind under a clear hot sky, seemed at first exactly the moral filip the British needed as Prospect, following her apparently copy-book start, led the way round the first mark with Quailo III in close attendance, the smallest yacht of the team, Superstar of Hamble, holding her own among larger yachts not far astern.

Initially, until the wind settled, it had appeared that it would be a race for the smaller craft which can maintain their best speed in the lighter weather while the larger boats have to fight to hold their own, but while the top places eventually went to the lower rated New Zealand and Australian yachts, the performance of Prospect, which rates far higher than most of them, was a lesson that they have all taken to heart and the matter of the starting line was taken as an unfortunate incident of secondary significance to actual performance.

The other two British yachts were almost as impressive as that of Prospect. Quailo III, owned and hailed by Donald Parr, is second on rating in the Southern Cross fleet only to Australia's Apollo, on charter to the Hong Kong team, but in spite of weather for the first half favouring the smaller yachts, she was well in touch at the finish, crossing the line third and taking tenth place on handicap, one place astern of Superstar, owned by Alan Graham and helmed by David Johnson.

Superstar found herself in the midst of the New Zealand pack and had to struggle to break free of the American-designed one-tonner Barnacle Bill which sat on her quarter wave.

Sails problem

Johnson admitted that he and the crew had been worried over the sails they selected for the start of the race, but once they discovered that a 20-knot warm breeze seems to have less weight in it than the same wind in the cold English Channel, they were able to break free and make up ground lost in the first round.

The unfortunate mauling that Prospect received has been the talking point among most of the competitors in Sydney to-day, the contention being that the committee boat was well back from the line as the starting gun fired and it seems probable that, too late, photographic evidence will be produced to prove the point that Slater argued with the protest committee.

Certainly from the opposite end of the line it was possible, at the moment the gun fired, to see both ends of the line, a host of yachts nudging it but no committee boat. It had seemed to be a typical Slater start made by a man who, in 20 years of sailing, has never been penalised for this infringement but who is famed for his starting ability.

To-morrow, the Southern Cross fleet races over 180 miles along the New South Wales coastline, starting and ending in Sydney Harbour. This race counts for twice the points of the opener sailed yesterday, and moderate to fresh winds are forecast which are exactly what the British yachts need.

The spirit of the team has by no means been lowered by the events of the week-end, in fact, if anything, their resolve has become more obvious than ever.

Meanwhile, the Southerly wind that has set in to replace the onshore North-easterlies has been helping the round the world fleet still at sea to reach Sydney.

The Royal Navy's Adventure and one of the Italian yachts are expected to reach Sydney in the early hours to-morrow, giving them just over a week to prepare for the restart on the leg to Rio which is now expected to take place on Boxing Day.

Businessman's Diary

Uncertainty among exhibition trade

THE exhibition industry remains confused on the impact of the latest set of restrictions.

It is not clear if shows will get dispensation for heating and lighting as they did in power cuts of several years ago. It is a source of surprise to the industry that while strip clubs and bingo halls can continue to operate it is still not certain whether exhibitions, which in so many cases are vehicles for export sales, will be able to open for more than the three consecutive days. And it seems to be a moot point as to whether standby generators could be used.

Gerry Ritson, director of the Association of Exhibition Organisers thinks it looks as if the three day restriction will come into play. But the Association is looking for some understanding of its problems from the Department of Trade and Industry.

Open to claims

In the event of cancellation of any show the exclusion clauses in the insurance policies refer to Act of War or State of Emergency. It would seem that organisers would be open to claims from exhibitors in the event of any sudden cancellation and would thus bear the brunt.

A spokesman for Industrial and Trade Fairs said the situation was such that no clear picture would emerge for a couple of days. But "Exhibitors are not worried so far."

Some of the problems to be sorted out, of course, are the times needed for build-up and break-down of shows. The organisers of the Camping, Outdoor Life and Travel Exhibition which is to open on December 28 have decided to move in as early as is possible.

Another early exhibition to be affected could be the International Boat Show. Some boats for this have already arrived in the U.K. and the show will go ahead but a spokesman said that it was still a "confused situation" with regard to opening days.

Gilbert Lamb, director of the Incorporated Society of British Advertisers and newly re-elected as chairman of the Exhibition Liaison Committee, was another who felt that it would be three-day opening. But it is hoped to have meetings with the DTI and that dispensation will be the order of the day.

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Professional Model Makers' Exhibition (cl. Jan. 5)	Design Centre, S.W.1
Dec. 19—22	Dunhill Int. Show Jumping Championships	Olympia
Dec. 28—Jan. 6 ...	Camping, Outdoor Life & Travel Exhibition	Olympia
Jan. 1—12	Model Engineer Exhibition	Seymour Hall, W.1
Jan. 2—12	International Boat Show	Earls Court
Jan. 5—12	Racing and Sporting Motorcycle Show	Horticultural Halls, S.W.1
Jan. 8—10	Electronics, Electrical & Automation Exbn.	Birmingham University
Jan. 9—17	Hotel and Catering Exhibition	Olympia
Jan. 12—17	International Toy Fair	Exhibition Hall, Harrogate
Jan. 13—16	Intershop: Display & Shop Equipment Exbn.	Olympia
Jan. 13—17	West Country Gifts Fair	Palace Hotel, Torquay
Jan. 20—23	Stationery Industry Exhibition	Grosvenor House, W.1
Jan. 20—23	International Slipper Fair	Blackpool
Jan. 20—24	Leathergoods, Luggage & Handbag Fair	Horticultural Halls, S.W.1
Jan. 23—Feb. 2...	Northern Caravan Exhibition	Queen's Hall, Leeds
Jan. 26—30	British International Toy Fair	Metropole Hall, Brighton

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Exbn. of Caravans and Accessories (cl. Dec. 18)	Amsterdam
Jan. 4—13	Intnl. Sportsmen's Vacation & Travel Show	Los Angeles
Jan. 5—13	International Textile Machinery Exhibition	Sao Paulo, Brazil
Jan. 6—10	China and Glass Exhibition	Atlantic City
Jan. 6—13	International Leather Goods Exhibition	Brussels
Jan. 7—10	Intnl. Hotel, Café & Restaurant Exhibition	Amsterdam
Jan. 7—11	Trade Fair for Travel, Leather Goods & Souvenirs	Utrecht
Jan. 8—11	European Knitwear Exhibition	Milan
Jan. 9—13	Intnl. Trade Fair for Home Furnishing Textiles	Frankfurt
Jan. 10—20	National Boat Show	New York
Jan. 10—21	Intnl. Pleasure Yachting Exhibition	Paris
Jan. 12—20	Caravan and Boat Show	Munich
Jan. 13—16	Toys and Souvenirs Exhibition	Lausanne
Jan. 14—19	Mechanised & Automated Production Exbn.	Zurich
Jan. 16—19	Internepcon/Japan: Electronics Exhibition	Tokyo
Jan. 16—21	International Lighting Exhibition	Paris
Jan. 17—20	Glass, China, Handwork & Gifts Trade Fair	Stockholm
Jan. 19—27	International Boat Show	Dusseldorf
Jan. 19—27	Catering Trades Show	Naples
Jan. 20—24	Nat. Assn. of Home Builders Exbn.	Houston
Jan. 20—27	National Exbn. of Gold, Jewellery & Silverware	Vicenza, Italy
Jan. 21—26	Farming Machinery Exhibition	Amsterdam
Jan. 22—27	International Furniture Fair	Cologne

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Current	HTS: Group Dynamics (cl. Dec. 21)	High Wycombe, Bucks.
Dec. 18	BACIE: Visual Aids	16 Park Crescent, W.1
Jan. 6—11	TMP (Lancaster): Marketing Management	Cudham Hall, Kent
Jan. 7—9	Ind. Socy.: Basic Supervision in the Office	48 Bryanston Square, W.1
Jan. 7—11	PERA: Industrial Salesmanship	Melton Mowbray
Jan. 7—11	IPM: Salary Administration	Berners Hotel, W.1
Jan. 7—18	Mitchell Partners: Method Study	Beeston, Notts.
Jan. 8	IBC: Meeting the Fuel Crisis	Royal Garden Hotel, W.8
Jan. 8—9	InComTec: Finance for Engineers & Technologists	Washington Hotel, W.1
Jan. 8—10	MT Consultants: Senior Managers in Action	Campion Chambers, Leicester
Jan. 8—11	Computer Power: Supervising Operations Staff	Cannock, Staffs.
Jan. 10	IPS: The Outlook for Timber in 1974	Europa Hotel, W.1
Jan. 10	Lon. Ch. of Com.: Trade between U.K. & W. Europe	69 Cannon Street, E.C.4
Jan. 14—15	Marketing Imps.: Marketing in Europe	7 Kendall Place, W.1
Jan. 14—16	Frank Jefkins. Marketing and PR	Connaught Rooms, W.C.2
Jan. 14—18	CDT: Retail Management Course	30 Leicester Square, W.C.2
Jan. 14—18	Brunel Univ.: Inspection & Work Measurement	Uxbridge, Middlesex
Jan. 14—26	Dunchurch College: Junior Analysts Training	Dunchurch, Rugby
Jan. 15—17	Financial Times, The Banker, The American Bankers Magazine, Investors Chronicle and British Airways (BOAC): World Banking	Royal Lancaster Hotel, W.2
Jan. 15—17	Imp. Coll.: Simulation Techniques in Management	Exhibition Road, S.W.7
Jan. 16	BTA: People in Tourism, Manpower Man. & Trng.	Grosvenor House, W.1
Jan. 16	BAS: Land Hoarding Charge	Manchester
Jan. 16	BIM: 1973 Social Security Act & Pensions	Bramhope, Nr. Leeds
Jan. 17	Ind. Socy.: Organising Consultative Committees	3 Carlton Hse. Terr., S.W.1
Jan. 17	IPM: Industrial Relations Forum	King James Htl., Edinburgh
Jan. 17	IOM: Management Seminar	Kensington Close Htl., W.8
Jan. 19	Arts Council: Copyright and the Arts	Birmingham University
Jan. 21—25	PERA: Production Control	Melton Mowbray
Jan. 21—Feb. 1 ...	Mitchell Partners: Work Measurement	Beeston, Notts.
Jan. 21—Feb. 15 ..	LAMSAC: O & M Training	35 Belgrave Sq., S.W.1
Jan. 21	Dunchurch College: Management through People	Dunchurch, Rugby
Jan. 22—23	Marketing Imps.: Advertising & Sales Promotion	7 Kendall Place, W.1
Jan. 22—23	BETS: Fin. Techniques for Marketing	30 Fleet Street, E.C.4
Jan. 23—24	Clark Johnston: Accounting Principles & Practice	21 Wigmore Street, W.1
Jan. 23—24	Investors Chronicle: Annual Investment Seminar organised in association with the Financial Times	London Hilton, W.1
Jan. 24—25	EBI: Auditing and the Computer	Cafe Royal, W.1

Roto Diesel expanding in Europe

By Peter Cartwright

THE LUCAS group's penetration of the European vehicle component market is going ahead strongly. The latest offshoot of the group to capture an increasing share of the French market is Roto Diesel, which has ambitious plans for expanding its base in the developing industrial area of Blois, on the Loire.

It now claims 55 per cent. of the attainable market in rotary fuel injection pumps for diesel engined trucks up to 6 tons, and slightly more for tractor applications. Most of the company's growth has come in the past five years or so, following an unsteady period after its start in 1959.

Joint venture

Roto Diesel is a joint venture between the parent U.K. company, CAV and DBA. This is a consortium of Ducellier, American owned Bendix (with which Lucas competes in other fields) and Air Equipment. Set up to supply the Perkins Diesel engine plant in France, ultimately with 8,000 units a month, it suffered a severe setback when Perkins withdrew manufacturing operations.

In the mid-sixties it was selling only 2,000 units a month and the future of the project was seriously challenged. It could have split the Anglo-French team, but instead it welded more firmly together and helped by the emergency of dual sourcing policies, began to capture business from competitors.

By 1970, when its sector of the French market had advanced to 220,000 diesel engined trucks, tractors, combine harvesters and other agricultural equipment, Roto Diesel was supplying 110,000 units—as much as the total 1960 market. It now provides all of Bergiet Citroen's light truck needs, a third of Peugeot's and half of Saviem's, and in the tractor sector all of Renault's and John Deere's.

Output plans

This year it expects to make 150,000 units against 110,000 three years ago and is planning for 240,000 in five years at a new factory across the road, which will probably be making a larger unit by that time for higher h.p. engines.

Some 77 per cent. is going as original equipment and the rest into the replacement market. If the six-year national target is achieved, this means that Roto Diesel will at least maintain its share of the market.

Not the least among its achievements is to have helped in the industrial growth of this development area. It was one of the first factories on an estate that to-day employs 10,000 of an expanding 45,000 population, nearly one in 10 of them at Roto Diesel.

THE WEEK IN THE COURTS

Nazi evils and the changing meaning of discrimination

BY JUSTINIAN

IT MUST be rare, if not unique for a case to be litigated all the way up to the House of Lords before it is discovered that a vital fact has been overlooked. It is even more startling that, but for the assiduity and scholarship of a distinguished writer in the Law Quarterly Review after the Court of Appeal had handed down its decision, the litigant, a refugee from Nazi Germany, would have lost his last chance to claim against the Inland Revenue for tax relief on his pension from the West German Government.

In *Oppenheimer v. Cattermole (Inspector of Taxes)*, the Lords, last week, after full argument from both sides, sent the case back to the Special Commissioners of Income Tax, because there were grounds for thinking that their findings as to the relevant German law of nationality might have been based on inadequate material. If Mr. Meier Oppenheimer eventually wins his case, because the English courts proceeded on a misunderstanding of German law he will have Dr. Francis Mann, a London solicitor and Hon. Professor of Law in the University of Bonn, to thank.

Decree

Mr. Oppenheimer was a German national by birth. Until 1939 a teacher in a Jewish orphanage in Bavaria, he then fled to this country after a taste of a German concentration camp. On November 23, 1941, Hitler issued his notorious decree depriving all German Jews abroad of their nationality, and confiscating their property. The principal targets were those who had been or were to be deported to Polish concentration camps.

In 1948, Mr. Oppenheimer became a naturalised citizen of the U.K. and Colonies. In the 1950s the Federal Republic of Germany introduced legislation as part of its generous measures of restitution and compensation to Jews persecuted by the Nazis providing for the payment of pensions to former public servants, including Mr. Oppenheimer. These pensions were not compensatory (which would make them exempt from taxation) but were pensions in the ordinary sense of the term, exempt from U.K. tax only if the recipient was also a German national. That followed from a provision in the Anglo-German Double Taxation Convention. Mr. Oppenheimer claimed that Hitler's 1941 decree should be ignored, leaving him still a German national.

The Inland Revenue countered by claiming that, not later than the date of Mr. Oppenheimer's naturalisation in 1948, he had lost his German nationality, irrespective of Hitler's 1941 decree. This was because a German law of 1913 provided that a German who had neither his habitual residence nor his permanent abode in Germany lost his nationality when he acquired a foreign nationality of his own volition. The Court of Appeal had treated the 1941 decree as valid and effective to deprive Mr. Oppenheimer of his German nationality. The decree of 1913 was held not to apply to him in 1948 because he had lost German nationality in 1941.

Ignored

What had been ignored was a provision in the Constitution of the Federal Republic which came into existence in 1949. Article 116(2) provided that former German citizens deprived of their citizenship between 1933 and 1945 on political, racial or religious grounds would be granted citizenship on application. For some time German courts thought that this had, by implication, recognised the effectiveness of the 1941 decree. But in 1968 the Federal Constitutional Court, with commendable forthrightness, said that the 1941 decree violated fundamental principles. So intolerable was it that it must be considered as so much waste paper.

It is an unhappy fact that English courts have been less reluctant than German courts since the war to treat the Hitler regime's acts of government as being invalid and inflicting injustice. One hopes that when the Special Commissioners remit the case to the Lords the latter will consider following the example of the West German courts.

But Mr. Oppenheimer's claim still to be a German national may not be any more successful when the facts are properly elicited. Because the Court of Appeal upheld the validity of the 1941 decree it overlooked the application of the 1913 decree on Mr. Oppenheimer['s] German nationality when he w[as] naturalised in this country [in] 1948. But if he finally loses h[is] fight against the Inland Reven[ue] he may have the doubtf[ul] pleasure of hearing the Engli[sh] courts roundly rejecting t[he] discriminatory laws of Na[zi] Germany.

* * *

Pejorative

Discrimination has, unfortu[n]ately become almost whol[ly] pejorative in daily use. It [no] longer bears its ordinary mea[n]ing of distinguishing betwe[en] good and bad. And Parliame[nt] has adopted its current conn[o]tation. In the Race Relatio[ns] Act, 1968, discrimination on t[he] grounds of race, colour [or] religion is outlawed. Similar[ly] in the Industrial Relations A[ct] it is an unfair industrial pra[c]tice for an employer "to d[is]miss, penalise or otherwi[se] discriminate against a worker [by] reason of his exercising" righ[ts] associated with trade unionis[m]. In *The Post Office v Union [of] Post Office Workers and Crou[ch]* the Lords last week upheld t[he] claims of certain members [of] the Telecommunications St[aff] Association (TSA) who we[re] being denied varied faciliti[es] afforded by the Post Office [to] the Union of Post Offi[ce] Workers (UPW).

One of the issues was wheth[er] the Post Office, in choosing [to] allow facilities to the UPW, h[ad] to allow comparable facilities [to] the TSA. If it did not, was [it] discriminating within the mea[n]ing of the Act? It was argu[ed] that any discrimination w[as] against the TSA and not agai[nst] any official or member of th[e] union. Lord Reid thought th[at] it was discrimination either [if] the worker was worse off th[an] he would have been if there h[ad] been no discrimination agai[nst] him, or if he was worse off th[an] someone else in a comparab[le] position against whom the[re] had been no discriminatio[n]. Either way, it did not matter [in] the present case, but Lord Re[id] preferred the latter meaning.

Lord Simon of Glaisdale pr[e]ferred the former meaning. T[he] phraseology of the Act—"pen[a]lise *or otherwise* discrimina[te] against"—seemed more apt [to] cover the case of a person bei[ng] treated less favourably than [he] would otherwise be treated, ar[...] not by comparison with oth[er] persons similarly treated.

COMPANY NOTICES

CORPORATION LOANS

CONFERENCE HOTELS

RESTAURANTS

PUBLIC NOTICES

PERSONAL

CINEMAS (Cont.)

CLUBS

ART GALLERIES

SHOOTING AND FISHING

PLANT AND MACHINERY

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The subdivision shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Cambrian and General Securities, Marsham Street, S.W., 2.30
Central Provinces Manganese Ore, Winchester House, E.C., 12
Granley Security, Winchester House, E.C., 12
Lucas (Joseph) Industries, Birmingham, 12
MY Dart, Barnet, 2.30
Myddleton Hotels, Coburg Hotel, W., 12
Orbit, Grimsby, 12.15
Rothmans International, Winchester House, E.C., 12.30
Wade Potteries, Stoke-on-Trent, 12

BOARD MEETINGS—
Finals:
Court Hotels (London)
Cronite
Galley
Marley
Martin the Newsagent
Osborn (Samuel)
Interims:
British Anzani
British Tar Products
Cavenham
Danae Investment Trust
Danks Gowerton
Giltspur
May and Hassell
Plysu
Russell (Alexander)
Stroud Riley Drummond

DIVIDEND & INTEREST PAYMENTS—
Advance Electronics 0.735p
Arbuthnot Latham 2.695p
Chesebrough-Pond's 28cts.
[...]rtt-eman (B.) 1.05p
Gordon (Luis) 1.75p
Green's Economiser Ln.Stk. 4¾pc
Harper (John) 1.05p
[illegible] (Philip) Invest. 1.75p
Honeyw[...] In[...] 5cts.
[...]h Invest. 1p
Keith and [...]erson 0.875p
Negretti and Zambra Ln.Stk. £3.369829
Securities Trust of Scotland 1.75p
Smith and Pearson 1.25p
United Biscuits Ln.Stk. 2¾pc
United City Merchants 0.408p
Wade Potteries 1.19p

TO-MORROW

COMPANY MEETINGS—
Anglo Scottish Investment Trust, 2, St. Mary Axe, E.C., 2.45
Border and Southern Stockholders Trust, Winchester House, E.C., 11.30
[...]tt (J.), 23, Charterhouse Square, E.C., 11
Hepworth (J.), Leeds, 11.15

Hissons Brewery, Liverpool, 12
Jessel Securities, Abercorn Rooms, E.C., 12.30
London Australian and General Exploration, Abercorn Rooms, E.C., 12
Second Scottish Investment Trust, Edinburgh, 10.30
Talbex, Connaught Rooms, W.C., 12

BOARD MEETINGS—
Finals:
[illegible]

DIVIDEND & INTEREST PAYMENTS—
Assam Consolidated Tea Estates 1.4p
[...]es (John) 0.98p
Cambrian and Gen. Secs. 3.15p
Chesterfield Properties 0.7p
[...] (G. W.) 0.7p
Gleves 0.7875p
Gordon Johnson-Stephens 0.5p
[...] Irish 1.75p
New Gu[...] [...]ields 3cts.
Premier Inds. 6cts.
Pyke (W. J.) 0.875p
Rexmore 1.01025p
Rothmans International B Ord. 1p
Scottish Australian 3.6585p
Simpson (S.) Ord. and A 1.9031p
Star (Gt. Britain) 1.575p
W Ribbons 1.05p

WEDNESDAY DECEMBER 19

COMPANY MEETINGS—
Belgrave Assets, Winchester House, E.C., 11.30
[...] Empire Securities General Trust, Sadlers Hall, E.C., 12
Brycourt Investments, Portman Hotel, W., 12
Fundinvest, Winchester House, E.C., 10.45
Grand Central Investment, 37, Queen Street, E.C., 12
Meru, 113, Park Lane, W., 11.30
Midhurst White, Dukes Hotel, S.W., 12
Samuel Properties, 100, Wood Street, E.C., 3
Sanderson Murray and Elder, Bradford, 12.15
Seddon Diesel Vehicles, Oldham, 12
Shaw (John) (Salford), Salford, 12
Town Centre Securities, Leeds, 2.30
Yorkshire and Lancashire Investment Trust, Manchester, 12

BOARD MEETINGS—
Finals:
Atlas Stone
Bluemel Bros.
British Leyland Motor Corp.
Charterhouse
Charter Trust and Agency
Quality Cleaners
Interims:
Clark and Fenn
Cussons
Forminster
Jacksons Bourne End
James (H. C.)
Unigate

DIVIDEND & INTEREST PAYMENTS—
Assam Consolidated Tea Estates 6pcPf. 3.5pc
Belgrave Assets 0.2p
Bolands 1.3p. 6pcPf. 3pc
Bolton 9pcBds.Red. 19/6/74 4½pc

Border and Southern Stockholders Investment Trust 3.25p
Cannock 9pcBds. Red. 19/12/73 £4.6479
Celanese 50cts.
Chester 9pcBds.Red. 19/12/73 £4.6479
Cummins Engine Inc. 22cts. Do. 7cts.
Davis (Godfrey) 0.7p
Exchange Telegraph 1.375p
[illegible]

THURSDAY DECEMBER 20

COMPANY MEETINGS—
[illegible]
Casket (S.), Manchester, 12.30
Concentric, Sutton Coldfield, 12
Cumulus Investment Trust, 20, Fenchurch Street, E.C., 11
Jessups, Winchester House, E.C., 12
Jokai Tea, 37, Mincing Lane, E.C., 11.30
London and Montrose Investment Trust, Bucklersbury House, E.C., 10.30
Muirhead, Connaught Rooms, W.C., 11
Scottish National Trust, Glasgow, 10.30
Tan Sad, Tipton, 10
United Industrial, Mostyn Hotel, W., 2.30

BOARD MEETINGS—
Finals:
Berisford (S. and W.)
British Oxygen
Brunner Investment Trust
Ferro Metal and Chemical Corporation
Stenhouse
Interims:
Bevan (D. F.)
Bulmer (H. P.)
Continuous Stationery
Moorhouse and Brook
Routledge and Kegan Paul
Sobranie
Trustees Corp.

DIVIDEND & INTEREST PAYMENTS—
Anglo Scottish Investment Trust 0.735p. B Shs. 0.0875p
Aronson (A.) 1.943p
Barker and Dobson 0.7p
Barking 9½pcBds.Red. 26/6/74 4¼pc
British Printing Cpn. 1p. Db.Stk. £1.44247. Db.Stk. £1.49795. Db.Stks. 3¼. 4¼pc
British Transport 4pcStk. 1972-77 2pc
Brycourt Invests. 1.89p
Bury St. Edmunds 9½pcBds.Red. 26/2/74 4¾pc
Cairnton Invest. Trust 5pcPf. 1.75p
Canadian Overseas Packaging Inds. 15cts.
Chichester 9½pcBds.Red. 26/6/74 4¾pc
Concentric 1.176p
Consd. African Selection Trust 1.75p
Consd. Trust D'd 2.8p. Do. (period Com. [...]/73) 1.5925p
Essex Water Db.Stks. 1¾. 2. 2¼. 2½. 2¾. 3. 3¼. 3½. 3¾. 4. 5. 5¼pc
First Re-Investment Tst. Db.Stks. 2. 2¼. 2½pc
Glasgow 9½pcBds. Red. 26/6/74 4¾pc
Hammersmith 9½pcBds. Red. 26/6/74 4¾pc
Hepworth (J.) A and B Ord. 7.7p
Hillingdon 9½pcBds. Red. 26.6/74 4¾pc
Jessups 0.6825p
Lake and Elliot 1.53p
Lister 1.575p
Moray and Nairn 9½pcBds.Red. 26/6/74 4¾pc
Municipal Trust 2.625p. Do. 1.72289p
National Bank of Australasia 7.5cts.
Northern Securities Trust 0.7p

Old Swan Hotel (Harrogate) 0.3p
Philips' Incandescent Lamp Works Cer. to Br. Fl.0.60
Rand Selection Con. 35cts.
Rubilshaw Invest. Trust 1.8p
St. Albans 9½pcBds.Red. 26/6/74 4¾pc
Second Consd. Trust 2.0125p. Do. 1.22
[illegible]

FRIDAY DECEMBER 21

COMPANY MEETINGS—
[illegible]
Malayan Tin Dredging, 55, Moorgate, E.C., 12
Morland, Abingdon, 12.30
Newman Granger Industries, Nottingham, 12
Pochins, Middlewich, 12
Rosehaugh, 37, Queen Street, E.C., 12
Sidroy, Leicester, 3
Southern Malayan Tin Dredging, 55, Moorgate, E.C., 12.15
Spreckley (Charles) Industries, 203, Vale, W., 12

BOARD MEETINGS—
Finals:
Hardys and Hansons
Interims:
Keyser Ullmann
Monitor

DIVIDEND & INTEREST PAYMENTS—
Berry Trust 0.6125p
Brandts (William) Investment Trust Inc. 0.84p
Bridgewater Investment Trust 0.175p
British Industries and General Investment Trust Dfd. 1.575p
Caird (Dundee) 0.875p
Casket (S.) 1.325305p
Charterhouse Investment Trust 1.05p
Cocksedge 0.875p
Comco 0.84p
Cook (William) (Sheffield) 0.6p
Cullens Stores Ord. and A 0.7p
Cumulus Investment Trust 0.7p
Greatermans Stores Ord. and A 14cts.
House and Fraser 1.125p
London and Gartmore Investment T[st.] 0.21p
London Tin Cpn. 1.4p
Massey-Ferguson 20cts.
Messina (Transvaal) Devpt. 25cts.
Northern Industrial Improvement Tst. 0[...]
Pickering (E.) (Blackburn) 2.70725p
Polly Peck 0.35p
Rothschild Investment Trust 2.8p
Scottish National Trust 1.61p. 6p[...] 2.1p
South African Breweries 2.5cts. 6.2p[...] 3.1pc
Tarry (E. W.) 4.375p
Unerman 1.4p
Weston Pharmaceuticals 0.56p
Westpool Investment Trust 0.875p
Whitbread 0.6125p

SATURDAY DECEMBER 22

DIVIDEND & INTEREST PAYMENT[S]—
British Printing Corp. Ln.Stks. 4¼. 4½pc
Camden 6½pcBds.Red. 2/1/74 £3.379[...]
Chamberlain Phipps 0.56p
Kynoch (G. and G.) 2.675p
Smith (Hermann) 0.20125p
Teith 3.5pcPf. 1.75pc
West Nile 6pcPf. 2.1pc

● ELECTRICITY

'Public response' averts weekend power cuts

BY MICHAEL CASSELL

AN "EXCELLENT RESPONSE" from the public to appeals to cut down on use of electricity averted the threat of further power cuts over the weekend.

There were fears at one time that the widespread disconnections which hit the country on Friday night would have to be repeated, but the Central Electricity Generating Board reported that consumers had made a substantial contribution to its efforts and were clearly making economies.

On Saturday demand was estimated to have fallen by about 3 per cent. below the normally anticipated load. Yesterday's lunch-time peak, when it was originally feared that more cuts would be necessary, was met "quite comfortably" by the CEGB, and by the afternoon demand was running at about 6 per cent. below normal requirements.

The CEGB stressed, however, that the supply situation could change on an hour-to-hour basis, and that because the weekend had been trouble-free no such assurances could be given about the future. The apparent economies on the part of the electricity consumer, said a spokesman, would have to be continued and improved upon if possible.

A maximum 6 per cent. voltage reduction, now virtually a permanent feature of the supply situation, was continued through the week-end to save as much electricity as possible. The weather was generally milder than had been expected.

The easing in demand for power came after an appeal from Mr. Ronald Richardson, deputy chairman of the Electricity Council, for restraint in use of electricity. Mr. Richardson said at the week-end that if householders did not cut down on power consumption, cuts of up to 40 hours a week would be needed, "even in the early days."

The public, he said, faced the "fiercest and most savage rota cuts" that any country had experienced unless it complied with requests to save power. Complete cities would lose electricity for long periods.

Rhys David writes: The power restrictions to be imposed on industry and commerce in Britain from to-day will be applied in Northern Ireland from Wednesday. A separate Order is being introduced before Parliament which will have the same effect as that covering Great Britain.

The Province is not affected to the same extent as Britain by the effect on coal stocks of the miners'. overtime ban. Most electricity is generated from oil. The Government has made it clear however that Northern Ireland as part of the U.K. is expected to make its contribution to overall national fuel saving.

Among the continuous process industries which will be affected are Du Pont's chemical works at Londonderry and man-made fibre plants operated by ICI Fibres, Courtaulds and Monsanto. The reduced working week will hit a number of major concerns including Harland and Wolff, the shipbuilders; Short Brothers, the aircraft manufacturers; the tobacco industry and the extensive linen and clothing industry.

● MAIL

Rail go-slow forces Christmas parcels ban in South-East

BY MICHAEL CASSELL

THE POST OFFICE has been forced to impose an almost total ban on moving parcels in and out of the South-East because of disruption on the railways.

This follows a warning last week from Sir William Ryland, P.O. chairman, that disruption of rail services seemed bound to affect the Christmas post. Without the rail crisis the severe delays experienced last year would almost certainly have been avoided, he said.

The P.O. announced at the week-end that it could no longer accept parcels for addresses in London, Kent, Sussex, Essex, Middlesex, Buckinghamshire, Bedfordshire and Hertfordshire, unless they were posted within those areas.

Neither will post offices in these areas handle parcels for non-local destinations, except those going to overseas addresses. Surface and air parcels will be accepted as usual.

The ban has been brought in to enable the P.O. to maintain letter services and to clear the accumulation of parcels already in hand. Information about the scope of these restricted services will be available at local post offices.

Long queues built up yesterday outside the Trafalgar Square post office, London. As the only post office in the country to open on a Sunday, it provided members of the public with their last chance to beat the deadline.

A spokesman said the move was "unavoidable." A close watch was being kept on the situation to determine whether similiar action would have to be extended to other areas of the country. At the moment there are no plans to do this and no final posting dates for other regions are being given.

The South-East has been hit because of the density of population, and consequent high volume of parcel movements, and because of effects of the go-slow by train drivers.

In the pre-Christmas period. the P.O. expects to handle more than 900m. letters, cards and parcels. About 150,000 casual staff have been recruited, the same total as in 1972, and an additional 8,000 vehicles have been hired to complement the 25,000-strong postal fleet. The P.O. expects to make "a slight profit" on its Christmas business.

It reminded the public last night that to-morrow was the last date for posting second-class Christmas letters and cards, while the deadline for first-class mail was on the following day.

Industry takes stock of the curbs

BY KEN GOFTON

FOR MANY major industrial groups to-day will present the first opportunity for a detailed analysis of how they can operate under the severe power-saving measures announced by the Government last Thursday.

For although it was immediately clear that the measures, including a switch to a three-day week or a cutback to 65 per cent. of normal power consumption for most of industry would have a serious impact, guidance on the detailed interpretation of the regulations was not easily obtained.

However, most companies should now have heard on what days they may operate, or to what electricity they are entitled.

As the strict nature of the regulations has become more widely appreciated, so the difficulties facing particular sectors have become more apparent.

Profits snag

ENGINEERING: Operating profitably on a three-day week will be impossible for many companies, particularly in "capital-intensive" areas, and where employees successfully press to be paid on the basis of an average 40-hour week. In addition, many companies like Guest Keen and Nettlefold, Vickers and GEC are worried that short-time working may involve them in penalty clauses for late delivery under export contracts.

TEXTILES AND CLOTHING: One of the U.K.'s basic manufacturing industries, employing about 900,000 people, it has similarly not been given priority status. Faced with a three-day working week, industry leaders have been considering how best to allocate their reduced production.

It is too early for a clear picture to emerge, but these were among the points made by some of the biggest companies in the industry:

● The products going to export markets are not necessarily the same as those destined for the U.K., so that it might not be a simple matter of choosing one market or the other, said Tootal. If the emergency is short-lived, the company will probably expect all customers to "share the misery," but if it looks like going on for some months then a system of priorities will be required.

● Carrington Viyella said that the question of allocations to customers would probably be left to individual subsidiaries to decide. As a generalisation, it could foresee a clash of interests between the Government, which might want exports to be given priority, and the industry, which would probably want to satisfy home customers first.

The textile industry's view on what the Government should do about imports appears to be divided.

Clothing imports increased by 50 per cent. in the first nine months of this year, and one executive pointed out that any opening of the floodgates to make up the shortfall in U.K. production would only make the balance of payments situation worse. On the other hand, a competitor argued that any new restrictions on imports would be inappropriate, and would make an international problem out of an internal matter of "how much British miners should be paid."

FOUNDRIES: Many operate continuous casting processes, and were still unclear at the week-end what classification they had been given. While the process could be interrupted, intermittent working would severely disrupt factory organisation. Many, like F. H. Lloyd, IMI, and Delta, normally operate these continuous processes on five or more days a week. Those which have been working seven days a week were demanding to know whether they too were expected to cut back to three-day operation, which would be a bigger sacrifice than was expected of industry at large.

POTTERIES: The firing kilns are in continuous use. Wedgwood has one all-electric plant, and while most others are fired by natural gas, oil, or LPG, they require constant power to operate electric fans. Clarification is still being sought on how the kilns will be affected.

Farm fears

FARM MACHINERY: Manufacturers, through the Agricultural Engineers' Association, seek priority steel supplies to safeguard agricultural production next year. Mr. Dean Swift, the association's director-general, said that unless the Government took direct action to ensure that the limited supply of steel was channelled to essential industry, unacceptable shortages would occur. "Unless something is done, the satisfactory harvesting of next year's crops, grass, cereals, fruit and vegetables, potatoes and sugar beet is seriously jeopardised," he added.

One other aspect of the cutback in steel and working hours that is worrying the association is the effect on the industry's £1m.-a-day export business in tractors and farm machinery, which is facing peak demand because of the worldwide increase in farmers' incomes.

The National Farmers' Union shares the machinery-makers' concern about the situation. With the agricultural machinery-dealers, the NFU and the Agricultural Engineers' Association are sending a deputation to the Department of Trade and Industry, to-day to call for immediate Government action to help farm machinery manufacture.

For the NFU the biggest problem is shortage of spare parts, about which they have complained for months. One NFU official said yesterday that unless the Government acted, spring cultivation work would be held up, let alone next year's harvest.

The NFU has already sent one deputation to the Ministry of Agriculture to complain about shortages. It warned that Britain's agricultural expansion programme was threatened by lack of raw materials including fertilisers, pesticides, packaging materials, spare parts and new machinery — shortages which were building up even before the BSC steel cutback decision and the Government's announcements last week.

PUBLISHING: Mr. David Burnett, director-general of the Periodical Publishers' Association, said at the week-end that the industry welcomed "Government initiative during this period of national emergency," but added that it was entirely wrong that periodicals should be discriminated against in the manner detailed by the Government.

Representations will be made on this point, he said, adding: "I believe that it is absolutely right for newspapers to be given priority status, but similar priority status should have been given to certain essential periodicals serving important sectors of the community." In his view essential trade and technical publications would be needed to ensure a flow of information not readily available in newspapers as defined by Government.

Who burns coal...

	(M. tons, 1972)
Power stations	65.6
Coke (mainly steel)	20.1
Industry	11.4
Domestic (inc. patent fuels)	18.8

... and oil...

	per cent. of refinery output
Gases and chemicals	7.5
Motoring (petrol)	15.3
Aviation	3.9
Domestic heating	2.8
Derv and industrial engines	19.5
Fuel oil (electricity and industry)	39.8

... and electricity

	per cent.
Industry	32
Railways	1
Domestic	41
Public services	6
Unclassified, inc. own generation	20

Cab costs

TAXIS: Organisations representing the 14,000 London taxi-drivers are to meet Lord Colville, Minister of State at the Home Office, on Thursday to try to get fares raised.

The London Motor Cab Proprietors' Association applied for a 40 per cent. increase earlier this year. Mr. Geoffrey Trotter, chairman of the association, said last night that the trade was in a very militant mood, with some operators threatening to pull out because they had seen practically no return this year and doubted if they would see any at all next year.

He said that the 40 per cent. increase would barely enable operators to catch up on widespread increases in costs since the base date of calculations, March, 1970.

Among the rising costs cited by the trade are the 2p increase in diesel prices last week, dearer lubricating oil from this week, higher insurance premiums at the end of the year, and the possibility of an extra duty on fuel in to-day's Budget.

The cab operators may ask the Home Office for some relief from fuel duty, already enjoyed by London Transport and by agricultural and marine users. They are also asking to be classified as public transport for fuel allocation purposes while the shortage lasts. Although supplies are believed to have improved unionised drivers have called for petrol rationing and are meeting the GLC to-day to talk about extra supplies of diesel.

HAIRDRESSING: Unlike shops, High Street salons cannot cram extra business into a shorter working week, and may be forced to put up their prices to avoid being forced into a loss situation by Government restrictions. Mr. Don Tilley, editor of the Hairdressers' Journal, said at the week-end that without electricity there was little that the trade could do except cut hair by candlelight. "If these restrictions mean that they lose money, then they may put up prices, without asking anyone's permission, until they are making a profit again," he added.

Shops busy

RETAILING: London West End stores appear divided on how best to use their five-day allocation of power up to the end of the year. Some said at the week-end that they would use it all in the coming week, but others will restrict days on which they are open, and save some of their "ration" for the opening of the special sales the following week.

Meanwhile, the stores in London and other major centres such as Birmingham report that Christmas business is brisk, with customers spending freely. At Debenhams in Birmingham a spokesman said that takings were up by 19-22 per cent. on last year, and only about 8 per cent. of that gain was accounted for by inflation.

In London, Liberty's of Regent Street commented that people appeared to be buying more expensive presents — "many shoppers are afraid that the pound will not be worth much next year and are putting it into items like jewellery and Oriental carpets."

AIR TRAVEL: Seriously affected by fuel sortages, British Airways, which has had to cancel about 1,600 of the 6,500 flights planned between now and New Year, had 200 staff working over the week-end, trying to contact some of the 200,000 passengers. The airline said yesterday that it was working progressivel through the flight programme and asked passengers not due t travel until after Christmas to b patient. Its switchboards wer swamped with calls, it said.

BROADCASTING: Televisio programmes on BBC 1, BBC and ITV will end at 10.20-10.3 p.m. from to-night onwards under the emergency regulations. However, late-night televisio will be allowed on Christma Day, Boxing Day, and New Year' Eve. The British Broadcastin Corporation said yesterday tha scheduling of most programme would be unchanged up to 9.5 p.m. each day. It added that th 11.30 p.m. news on BBC Radio would be extended to 20 minute each evening, with provision fo a 30-minute bulletin whe necessary.

FOOD SUPPLIES: In spite o the priorities given to foo manufacturing and distributio the grocery trade is beginning t express anxieties about de liveries. Even so, Ministry o Agriculture officials at the week end denied reports that foo rationing was being considere According to Mrs. Peggy Fenne the Parliamentary Secretary t the Ministry, there was n shortage of food for Christma and stock levels in the countr were good.

Yet Mr. Leonard Reeves-Smit chief executive of the Nationa Federation of Retail Grocer with over 10,000 members in th U.K., said in London yesterda that supplies of salmon, corne beef, baked beans, and canne fruits of all kinds would b "critical" in the New Year.

Although there were n shortages in the shops yet, h said, grocers were having diffi culty restocking, and wholesale were working on a hand-t mouth basis. "We are very co cerned about supplies of pra tically everything, particularl goods that are canned or bottle Toilet rolls, too, might be har to come by.

Difficulties

Although the Sainsbury grou with 200 stores, reported "no re problem yet," a spokesman fo Tesco said that packaging difficu ties were causing grav shortages. "There will be seriou difficulties if the petrol situatio gets worse and we are unable t make deliveries from our war houses to the stores."

Fine Fare confirmed that ther was a shortage of baked bean and that there could be difficul ties about supplies of other can ned vegetables and fruit.

LIQUID PETROLEM GAS Liquefied butane and propane from to-morrow, are subject t the same export controls a already apply to most othe petroleum products, under th Export of Goods (Control (Amendment No. 5) Order 197 published at the week-end. Th move has been made because c the difficult supply position c liquid petroleum gases, but a open general export licenc authorising shipments of thes products in containers holdin less than 50 kg. has been grante

● ELECTRICAL CONTRACTORS

Selective wage increases urged

A CALL to the Government to admit its mistakes, a warning of 2 to 3m. unemployed by the Spring and strong criticism of many union leaders were made by Mr. M. A. Stothers, vice-president of the Electrical Contractors Association in Manchester. He was speaking at the annual dinner of the association's Manchester branch.

Mr. Stothers said the British people were the world's best at being cheerful in the face of adversity, but how long would they be prepared to suffer inconvenience at the beginning followed by a reduction in the standard of living and ultimately, for many, unemployment, the dole and social security?

He said: "We must not allow either Left-wing trade union leaders, or an inflexible Government to drive us back to those vividly remembered days of depression.

"If the present problems are not solved within the next few weeks, between two and three million unemployed is probable by the Spring."

Mr. Stothers believed there was a solution. He said that Government (its colour was irrelevant) should be prepared to admit its mistakes. There were two fundamental mistakes: first, the introduction of the Industrial Relations Act when both trade unionists and industrialists had warned it would not work—and it had not. Not one major dispute had been solved or even helped by the Act. It was a bad Act and bad law encouraged law-breaking.

Second, having recognised that inflation was running away, efforts had been made to cure it by using short-term measures to fight long-term problems.

"Restraint must then be placed on the industries which have established higher rates of pay recently to allow those who have fallen behind to have larger increases so that their respective positions are re-attained. Only some such selective method will work in the long term."

He went on to say that standard increases of X per cent. would not work because they were set by civil servants who did not understand that far more important in the worker's mind than a comparison of his wage packet with the cost of living was how he had fared compared with the man next door or the other man on the same site.

"You cannot convince me that an electrician will be happy with less pay than a brickie's labourer," he said.

Business fuel rations

BUSINESS USERS calling at post offices for their vehicle fuel ration coupons over the next three weeks are asked to call on the correct day for the particular initial of the name shown in the log-book.

The system works in the same way as did the issue of basic coupons to private motorists—alloted days for specific initials. Coupons for A, B and C have already been issued.

All those whose name begins with D or E should call for their coupons to-day, with the log-book and the completed application form (B1, B2 or AG1), which should be endorsed as necessary by the employer.

Thereafter, the days for collecting business ration books are:

Date	U.K.*	Scotland
Dec. 18	F,G	F,G
Dec. 19	H,I,J,K	H,I,J,K
Dec. 20	L	L
Dec. 21	M,N,O	M
Dec. 27	—	N,O,P,Q,R
Dec. 28	P,Q,R	S,T
Dec. 29	S	U,V,W,X,Y,Z
Dec. 31	T,U,V	—
Jan. 2	W,X,Y,Z	—

* except Scotland

Drumbuie inquiry resumes

By Our Own Correspondent

SKYE, Dec. 16.

AFTER A three-week adjourn ment, the public inquiry into th proposed oil production platfor construction yard at Drumbui Wester Ross, resumes to-morro at the Balmacarra Hotel, ne Kyle of Lochalsh. In its initi two weeks, nine witnesses ga evidence for the joint applicant John Mowlem and Taylor Woo row Construction, who want construct 10 250,000-ton dee water concrete platforms—we heads—over a 15 year period.

The yard is planned for t south shore of the Loch Carr on land owned by the Nation Trust for Scotland, which wi Ross and Cromarty Coun Council and others, have objecte to the project.

Seven QCs represent vario interests ranging from t Department of Trade a Industry, which backs t scheme, to the local bagpi society, which is against it. least 12 more witnesses are bei put forward by the applican whose presentation will followed by the DTI and t Highlands and Islands Develo ment Board before the objecti parties will be heard.

● NORTH SEA

Shetland anticipates rise in population

BY CHRIS BAUR

SHETLAND EXPECTS that its 17,000 population could rise by almost 20 per cent. in the next three years as the full impact of development on the North Sea oilfields to the east of the islands makes itself felt. By Easter, the county council there hopes to be ready to start spending about £25m. on port facilities which will be crucial to the East Shetland basin fields.

The council, which employed consultants to assess the impact of the oil industry on Britain's most northerly community, now estimates the first wave of development will produce a demand for between 400 to 500 houses to accommodate permanent staff for the bases and oilfield installations in the period to 1976-77. This implies a population intake of at least 1,200.

Temporary labour engaged in house construction and civil engineering works will total about 1,500 over the same period, the council predicts.

It is "most unhappy" about this prospect, according to Mr. Ian Clark, Shetland's county clerk and general manager. The council's forecasts will be explained this week to Lord Polwarth, Minister of State at the Scottish Office, and the Government's co-ordinator of North Sea oil activities. He starts a three-day tour of Shetland to-morrow.

Special powers have been granted to the council (subject to House of Lords approval) for controlling and undertaking oil-related investments, notably on the Sullom Voe deep-water inlet, where it wants all major processing, storage and trans-shipment facilities concentrated.

Lights stay bright at winter sports centres

BY ARTHUR SANDLES

HEAVY SNOW which fell in ski villages of the French Alps this week-end, added to European governmental fuel guarantees, promises a merry Christmas for the Continental winter sports industry.

Both the French and Austrian Governments have said so far that whatever else happens, foreign tourists will have all the fuel they need to escape from domestic chill to Alpine comfort. Large areas of the mountains are powered by hydro-electricity, but the guarantee also applies to petrol for tourist cars.

Here in the French ski station of Les Arcs, Erna Low Travel, the British tour operator, opened a new hotel this week-end. Such has been a rush of Britons to the slopes during recent weeks that VIP guests at the opening had to be billeted in other hotels to make way for paying visitors to the Erna Low project, the Winston.

For the British, winter sports centres at the moment are like a forbidden land of bright ligh and open petrol stations. The is certainly no evidence caution over fuel, and only pric are a sharp reminder of t state of the pound.

Skiing has become crucial the economics of several Alpi areas of Europe, notab northern Italy, Western Aust and the Mont Blanc area France. France has spent least £120m., much of it Gover ment and Department loan an grant money, in developing ne ski stations to rival Austria's.

There are probably 8m. regul skiers in Europe spending prod gious amounts on ski equipme and ski wear. The ski lobby powerful and fuel dispensatio for the three-month winter spor season were almost inevitable.

The British, a tiny 180,000 ma ket in comparison, are popul because, like the Dutch, the tend to ski in January whe Continental enthusiasts stay home.

Healey would seek more tax from £4,000-a-year man

BY RICHARD EVANS, LOBBY CORRESPONDENT

CUTS IN public expenditure and higher taxes on incomes, luxuries and property speculation were advocated yesterday by Mr. Denis Healey, "shadow" Chancellor, as a means of ensuring national support for combating the economic crisis.

On the eve of Mr. Barber's financial statement, Mr. Healey emphasised that cuts must be selective so that growth could resume when oil supplies increased.

Interviewed on the BBC radio programme World This Week-end, Mr. Healey agreed the country was facing a crisis "of war-time proportions" in the short term, but could look forward to the production of North Sea oil in a few years.

It was essential to plan any cuts carefully and to avoid curtailing investment in essential industries like steel, coal, electricity and public transport. He therefore advocated cuts in "less essential" areas such as defence, roads, Maplin and the Channel Tunnel.

Living costs

There would inevitably have to be a drop in living standards in the country as a whole, and it was only fair that this should be shared—with the rich providing a high proportion. Mr. Healey's estimate was that it would be necessary to increase taxation by 10 per cent. on incomes above £4,000 a year.

Loopholes such as tax-free loan interest should be closed and capital gains tax increased. It was also important to punish property speculation so that increases in property values were taxed even if property did not change hands. This would stop the "obscene" profits made by speculators and it would also bring down property values.

Mr. Healey argued that the Government should avoid raising the cost of living by increasing taxes on essentials, but he would be in favour of special taxes on consumer durables such as television sets, washing machines and cars.

He believed if the Government followed this advice it would not only solve the economic problem but would create the sort of national unity needed to make future economic progress.

Mr. Reginald Maudling, former Conservative Chancellor, did not see how higher income tax could be relevant in the present circumstances as it could not take effect for several months. He did see a definite case for cutting public expenditure, however, particularly in the roads programme.

Mr. Enoch Powell, Conservative MP for Wolverhampton S.W., also interviewed on BBC radio, continued his bombardment of Government policies. Asked whether he was frightened that a concerted attempt was being made by unions to bring the Government down he replied.

"The Government has done more to bring itself down by its futile and impractical policies than all the Communist-ridden unions real or imaginary in the world could have achieved."

He hoped Mr. Barber had received authority from his Cabinet colleagues to bring total Government expenditure and receipts so nearly into balance that eventually the pressure of additional money that caused inflation would die out.

Mr. Powell would prefer to see public expenditure programmes reduced gradually rather than by "wild all-the-way-round slashes" which were never economically effective.

In the circumstances, he would favour increased direct taxation rather than piling additional taxes on to the price of goods. While realising the technical difficulties, Mr. Powell hoped some arrangement could be made for immediate increases in the collection of direct taxes.

Feather delegation asks TUC to help organise Africans' unions

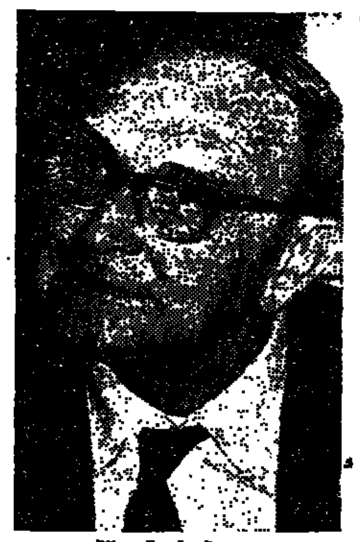
BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE BRITISH trade union movement has an obligation to assist black workers in South Africa and, in co-operation with the International Confederation of Free Trade Unions (ICFTU), should seek on a massive scale the organisation of African workers into trade unions. It should now set up a £100,000 fund for this purpose in London.

These are two of four major recommendations of a report, published at the week-end by the TUC delegation which visited South Africa in October. These recommendations, if not the others, seem certain to be opposed by the South African Government, which is likely to see in them interference in its internal affairs.

The TUC delegation, which included Mr. Vic Feather, its former general secretary, and Mr. Jack Jones, General Secretary of the TGWU, also recommends that opposition to British investment should be continued unless British companies operating in South Africa can show in a practical way that they are encouraging and recognising "genuinely independent" trade unions for black workers.


Mr. Vic Feather


Mr. Jack Jones

It also recommends that the TUC should firmly oppose the emigration of white workers to South Africa, on the grounds that black workers should be trained and employed in preference to new immigrants, and that this policy should be backed by the ICFTU and affiliated unions.

The 38-page report, which is to be discussed by the General Council, recognises the obstacles in the way of its recommendations. During their visit, the delegation met the Minister of Labour, Mr. M. Viljoen, and the Prime Minister, Mr. Vorster. The South African Government's belief that present legislation (which effectively prevents Africans forming trade unions) is adequate to South Africa's needs and should not be changed, comes across very clearly in the report.

So, too, does the opposition of the white South African unions to the unionisation of black workers. Many unions, the delegation found, were totally opposed to any move to allow black workers to organise because of the implied threat to their own members' jobs.

But "the lack of courage of the employers is matched even by those union leaders who are sympathetic or who realistically recognise the need to come to terms with the situation." This group included the Trade Union Council of South Africa (TUCSA), which had expelled African trade unions in 1969.

The TUC report is also critical of the management of foreign, including British, companies. While many were critical of apartheid, "employers seem to lack the will or the courage either to use their influence with the Government to change its policies or to move quickly, within the limits of existing law, to encourage African trade unions."

Even though some British companies had responded quickly to the strikes earlier this year and had increased African wages, employers were still "dragging their feet in setting up legally allowable negotiating machinery.

Finally, the report recognises the problems of African workers themselves, who were suspicious of existing legislation, and feared intimidation from managements or the police. The delegation found African workers regarded the recently reactivated works committees and liaison committees, "as inferior compared with properly organised trade unions and they regarded the recent legislation as principally intended to prevent the development of effective trade unionism for black workers."

However, the TUC report does see some hope in the present situation. "Perhaps at no previous point in South African history has the time appeared as opportune for the development of African trade unions as it does to-day."

The report adds: "The fact is that Africans are permanently in industry, permanently in white South Africa, and permanently in industrial relations. What is changing is their status and situation."

The report spells out the assistance which the delegation is recommending should be given by the TUC and the ICFTU. It envisages a committee in London "to maximise international support for African trade union organisation." Up to £100,000 should be raised through appeals directed to trade unions, individuals and progressive organisations throughout the world, including African countries.

Crown plans £4m. spending in 1974

BY RAY DAFTER

CROWN PRODUCTS GROUP, part of Reed International's Wall Paper Manufacturers, plans to increase its promotional budget to £4m. next year, in spite of the anticipated drop in production and demand.

Mr. Bill Green, chief executive, said much of the spending—some 30 per cent. up on this year—was transferable.

If it were found possible the company could switch some of its campaign to overseas markets where Crown would like to have a bigger foothold. It exports a little over 5 per cent. of its output.

Mr. Green said that the rail dispute and cutback in private motoring would have given manufacturers of paint and wallpaper a boost. It is recognised in the industry that when workmen are forced to stay at home, during strikes for instance, sales for "do it yourself" decorators increase appreciably.

In view of the production cut backs, caused by three-day working, the industry would not be able to take advantage of the possible increase in demand. As a result next year would be very difficult for the industry.

"If 1974 is going to be a tough year, then we must get tough," said Mr. Green. "That is why, at present, we have no plans to cancel or cut the spending. We will, however, be keeping it under constant review."

Crown claims to be the world's largest manufacturer and distributor of home decorating materials.

Conference to discuss Law of The Sea agenda

A REVIEW of the major topics which are due for discussion at the United Nations conference on the Law of The Sea at Caracas, Venezuela, will be made at a two-day meeting in London at the Hilton Hotel on February 27-28, which is being organised by the Financial Times and Fairplay International Journal.

An international panel of speakers will examine the policies of governments and the major economic implications of any changes in the Law of the Sea.

The speakers will include Sir Roger Jackling, leader of the U.K. delegation to the Caracas conference; Mr. W. R. Russell, chairman of Maritime Law Committee, U.K. Chamber of Shipping; Mr. Finn Scheie, member with Wilhelmsen Group Directorate, chairman, Legal Committee of Norwegian Shipowners' Association; Mr. R. J. Blair, an international law advisor for Shell International Petroleum; Professor A. Yankov, Bulgarian Ambassador to the U.K.; Mr. Jorge Castaneda, Ambassador and permanent representative of Mexico of the United Nations in Geneva; Mr. J. W. Hopkins, president of Lockhead Petroleum Services; Dr. Jur Harald Rieger, Law Department Inetallgesellschaft, and Mr. Austen Laing, Director General of the British Trawlers' Federation.

The chairmen for the conference will be Lord Kennet, Opposition spokesman on Foreign Affairs and Technology in the Lords, and Mr. Leigh S. Ratiner, director for ocean resources at the U.S. Department of the Interior.

U.K. seeks changes in EEC proposals on company mergers

BY PHILIP RAWSTORNE

CHANGES IN the EEC Commission's proposed regulation for controlling company mergers are to be pressed in Brussels this week by Sir Derek Walker-Smith, Conservative MP for Hertfordshire East.

The draft regulation at present provides for any merger of undertakings with a global turnover of £500m. to be notified to the Commission. Such a merger would then be held up for three months for a Commission inquiry.

It is estimated that more than a third of the mergers to be notified would involve British companies. The draft regulation has encountered opposition from both the Confederation of British Industry and the International Chamber of Commerce.

At a meeting on Wednesday of the European Parliament's legal committee, Sir Derek will seek support for amendments which would require the Commission to set more precise public interest criteria for inquiries and which would exempt British mergers approved by the Monopolies Commission and Restrictive Practices Court.

He will also attempt to change the regulation so that companies can back their own judgment by going ahead with mergers during the period of the Commission's inquiry.

The EEC's policy on competition, take-overs and mergers is expected to be debated at the European Parliament in Strasbourg next month. If Sir Derek fails to carry his amendments this week, he will table them again during the parliamentary session.

EEC inquiry into common ports policy

BY PHILIP RAWSTORNE

FOUR BRITISH port authorities will give evidence in Brussels this week to a European Parliament inquiry into possible moves towards a common EEC ports policy. The inquiry, by the Parliament's Regional Policy and Transport Committee, will be headed by Mr. James Hill, Conservative MP for Southampton East.

Representatives from London, Liverpool, Glasgow and Southampton will attend the hearing, together with 18 other European port authorities.

Under the EEC Treaty, shipping is exempted from common policies in the transport field. With the enlargement of the Community, there has been a growing demand in the EEC for co-ordination of at least some aspects of policy in the member-States.

The interdependence of Europe's ports is being re-emphasised by the oil crisis, and the committee seeks views on possible harmonisation of such policies as investment, subsidies, dues and working conditions.

Tory MP attacks Maplin project

THE MAPLIN AIRPORT project "will turn Thameside into a new and bigger Tees-side on the coasts of Essex and Kent," Mr. David Crouch, Conservative MP for Canterbury, said yesterday. He added that it was of more immediate significance that to let Maplin go ahead "would constitute and unnecessary addition to our present burden of inflation."

Mr. Crouch, vice-chairman of the Conservative Industry Committee, stated: "There is no case for a third London Airport, and there is certainly no case for spending £1,000m. so recklessly.

"What we have to do is to see that we make the right decisions, and to say yes to Maplin would be wrong both economically and environmentally. It is a massive extravagance which the nation cannot contemplate."

Mr. Crouch was replying to an article by Mr. David Madel, Tory MP for South Bedfordshire, a Maplin supporter, in the same edition of the Swinton Journal, a magazine of the Swinton Conservative College, Masham, Yorks. He claimed that many aviation experts regarded coastal sites as "most hazardous" for aircraft because of danger from flocks of birds.

In any case, the British Airports Authority and the CAA had both stated that Maplin was not needed.

Mr. Madel, in support of the idea of an "environmental airport," argued that "for the first time anywhere in the world a Government has decided to site a new airport, not where economic and aviation factors dictate, but where the noise, pollution, blight and loss of land can be kept to a minimum.

"If nothing is done conditions will get incomparably worse at Heathrow, Gatwick and Luton."

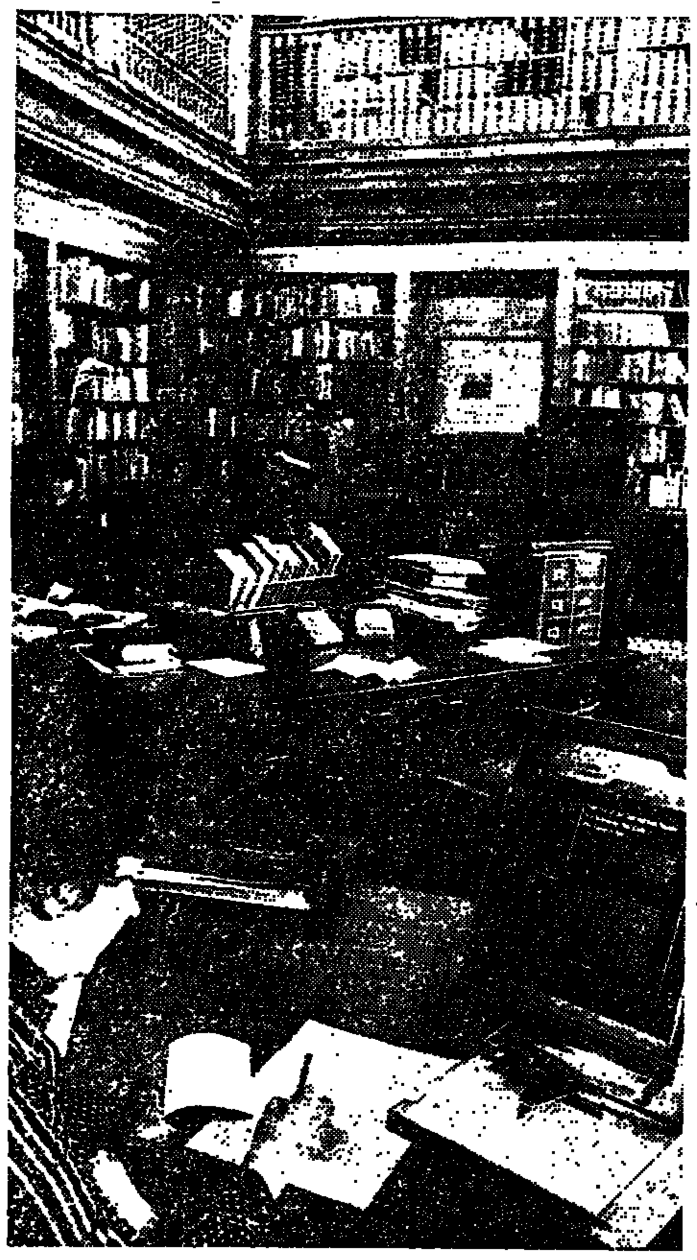
Basically, the Maplin project involved six inter-linked operations: Removal from Foulness Island of the Ministry of Defence artillery and missile testing station; reclamation of land from the sea—12,000 acres in the first phase; creation of a modern deep-water port; building of the world's first "environmental" airport; construction of a communications network for south Essex; and the new city which would house airport and seaport workers.

The Executive's World: The Office

EDITED BY JOHN TRAFFORD

BUSINESS LIBRARIES

For good decisions you need the facts



Freddie Mansfield

The library at ICI's HQ in Millbank, London, meets the needs of head office staff and certain requirements of the U.K. divisions and overseas associates. It handles a wide range of business information; many other companies have now set up business libraries too.

BUILDING up a business library is a costly operation these days, especially in the City where stockbrokers, banks and insurance companies are paying up to £20 per square foot for floorspace. But a massive investment is nevertheless being made simply because up-to-date information is a vital component of every business' operations.

It has taken a long time to convince management that a business library is not for general education or recreation but for the exploitation of information. Profitability depends on getting accurate, relevant information to the policy makers. Yet in the office, inadequate or inaccessible information is still the executive's biggest timewaster. This is not because of too little information—quite the opposite. External influences such as fashion, market changes and new legislation generate a vast flow of information which the executive must absorb and understand.

The time-honoured methods of collecting information from lunches, trade fairs, conferences and colleagues continue, but the volume of information both needed and received far exceeds the capacity of executive to absorb it. Subsequent searching for data is both time consuming and costly.

Available

Last week an accountant friend of mine visiting London from Manchester spent a whole afternoon at Companies House establishing the ownership of a construction company. The information he sought was freely available from Manchester Commercial Library who would have provided it in seconds from a directory called Kompass.

The remedy is a business library. Just as industry set up libraries in the 1960s to harness the technical information explosion, it is creating business libraries to-day to cope with the flow of commercial information. These libraries are often called "information centres" and their staff "information officers" to emphasize their role as exploiters of information rather than custodians of books.

If busines information is so important, should managers leave the work in the hands of company librarians? I believe the answer is "Yes." Librarians alone are trained to monitor, store and retrieve published information. The executive can rid himself of an impossible chore and can decide when and in what form he will receive information. The business librarian can hold a watching brief for information on any subject. Furthermore he should be able to act as a filter, selecting relevant information from the volume of reports, pamphlets, trade catalogues, journals, newspapers, directories and advertisements. Alternatively, when the executive needs fast daily access to external data, which he knows exists but cannot find, he can tell the librarian to find it for him.

While the executive often seeks advice from friends, the business librarian works through trade associations, research establishments, institutes and other sources committed to storing the information.

The link between the executive's desire to shed the information burden and the business librarian's ability to handle it, is financial. Costs can be cut by preliminary literature, searches to prevent costly market research which would otherwise duplicate published findings.

A trained librarian may cost his company £2 an hour when making an information search. But he does the work more quickly and efficiently than a senior executive whose time is wasted while he flounders in searching unfamiliar literature. Substantial cost savings can be made by cutting down duplication of newspapers, magazines, books, directories and legislation purchases.

Slowly companies are realising that libraries like consultants can actually earn fees through their specialisation. The CEGB's information services place a handling charge on bibliographies and translations requested by outsiders. A substantial part of the annual £10,000 operating cost of the Institution of Chemical Engineers library is recovered by a £25 subscription which gives subscribers up to 10 hours of technical or commercial information work.

Annual fee

The Specialist Research Group, part of the Kimpher family of advertising and marketing agencies, offsets the cost of its own group information service by providing a full service to companies outside the group either at a negotiated annual fee, or at a £7—£10 hourly rate.

The library of the Middle East Economic Digest, regularly drawing on over 1,000 sources of published information, is available to external users at a minimum of £5 a half day, which includes the help of the library staff. Research undertaken by the librarian is costed in advance.

There are even examples of profit-making libraries. The library of Computer Information Centre, specialising in information on commercial data processing in business has in only four years built up 200 external subscribers at negotiated fees between £125 and £1,200. The annual operating cost of the library is £28,000 and its income £34,000.

The modern business library is economical by using many such services, instead of building up data of peripheral or transitionary interest. Occasionally it can even earn some income itself by offering its specialist information to others.

If the new generation of business librarians demonstrate their ability to replace the executive's information burden by orderly monitoring, storing, retrieving and advising of important information, they will hold a secure place supporting the company's policy makers. Top management needs accurate information on which to base its daily decisions which must make money or save money, now or in the future.

ALAN ARMSTRONG

Freddie Mansfield

The Chairman's Son

Even these days people aspire to the top jobs in industry. Mark Ingham (above) has equipped his office to handle the complexities of the power crisis. Sitting behind a prestigious Play Desk, complete with magnetic blackboard, he tunes into the latest news bulletin on his Happy Birthday Pocket Radio. Reaching for the Chatter Telephone, he can learn the views of men on the shop floor. There will be little opportunity to pass the time of day staring at the Music Box Clock Radio.

All the toys are marketed under the Fisher-Price label by Mettoy which makes three-quarters of the range it offers at Swansea and imports the rest from Fisher-Price, a Quaker Oats subsidiary, in the U.S. Happily for the balance of payments, it supplies distributors in France, West Germany and the Benelux as well as other European countries.

The American typewriter reaches its century

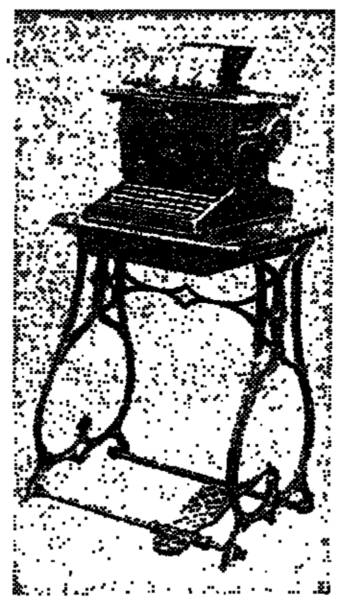
BY DOINA THOMAS

WHILE 1973 will be memorable for its mammoth crises it will also celebrate a centenary that deserves a few moment's recognition. This year the Americans can commemorate the centenary of the first commercially successful typewriter, marketed by the Remington company in 1873.

But Italy celebrated the centenary of the typewriter in 1955 and Austria did so nearly a decade later in 1964. In fact in the half century before the launch of the first successful Remington marketed machine a lot of research into the possibility of a mechanical writing machine had been done in Europe.

Four fickle factors account for the success of the American development of the first commercial typewriter and the relative failure of the European experiments of the previous fifty years. These were the confluence at the right time of an ingenious and painstaking inventor, a powerful promoter, an inspired manufacturer and a super salesman.

The roles were taken respectively by Christopher L. Sholes, as the inventor; James Densmore, as the powerful promoter; Philo Remington as manufacturer; and the appropriately named George Washington Newton Yost as salesman.



Remington's first commercial typewriter, 1873

Sholes, the editor of a Milwaukee newspaper, worked closely with Carlos Glidden, a local lawyer, on the invention. James Densmore, a former newspaper colleague, acted as promoter and financier of the project from 1867 and was the drivi force behind the work which le 30 models later, to a machi which would stand up to da use.

When it was ready in late 18 Densmore called in Yost to s the project to a manufactur Yost chose Remingtons.

Neither the Italian nor t Austrian accredited with inve ing the first typewriter had th kind of backing. The Itali Giuseppe Ravizza lived Novara and made typewriters a hobby and in 1855 took out patent for the *Cembalo Scriva* or writing harpsichord.

His Austrian counterpart w very unlucky. Though t Emperor Franz Joseph ga Peter Mitterhofer 200 guilde for his wood and wire machin he did not persuade the Austri Civil Service to promote it the country's engineeri industry. In fact Mitterhofe best ally was his local villa priest in Meran (now Mera in the Italian Tyrol). It was n until the beginning of th century that Mitterhofe models were discovered, lock away in his attic.

D.M.

The information was suppli by W. B. Proudfoot whose boo "Origin of the Typewriter," w be published early next year.

Saving space on filing

BY ROY LEVINE

WITH OFFICE rents as high as they are, especially in the City of London, space saving is becoming a priority in cutting overheads.

One way to achieve that is by installing compact filing systems, like the one bought by American Express International Banking Corporation for its new offices in the City. To save space, the management decided to merge the filing systems for the separate medium term lending unit and the retail banking side. New files are made at the rate of about 40 a week to add to the existing load of some 8,000 files.

The management, advised by JFN Associates, dispensed with 28 filing cabinets and spent £2,659 in installing the Supreme mobile filing unit marketed by Peter Williams (Filing Systems) Supreme is a dual role of mobile filing racks. The front cradles roll either to left or right allowing the rear cradles to slide forward and back. Units can be stacked eight cradles high.

A typical unit has 5 rear and 4 front cradles and takes up about 45 square feet instead of the 160 square feet needed by conventional filing cabinets to hold the equivalent capacity. Costs differ according to client needs but an initial unit of 2 rear and 1 front cradles costs just under £500.

Mr. R. L. Taylor, sales manager of Peter Williams (Filing Systems), reckons that savings in overheads like rents and labour can vary between 20 per cent. and 80 per cent.

Although there are no official figures for the filing market in the U.K., some estimates range upwards of £30m. a year and growing at the rate of between 12 and 15 per cent. a year. Shortages of raw materials such as steel and paper, however, could affect growth over the foreseeable future. Peter Williams, for example, is now taking orders for delivery in March next year because of delays through materials shortages.

Mr. L. A. Bawden of American Express said the aim of installing the Supreme system was to maximise the use of expensive floor space by having a floor-to-ceiling system covering only 170 square feet. Moreover, because of the easier access of files, 58 per cent. of which are visible, the volume of files handled could be increased without having to employ more staff.

The handwritten reply

FACED with the now traditional temporary secretary problem this summer, the design group Conran Associates hit on a novel solution. The executives write their own letters by hand. "We are fortunate in that being designers most of our people have good handwriting," comments Chris Haynes, managing director, in reply to the obvious first question—will the recipients be able to read the letters?

The difficulty that Conran encountered with temporary secretarial staff was not shortage of supply or quality but the fact that they could not be used efficiently. "The kind of girls we employ are self-starters but of course they need to know our business."

The obvious answer seemed to be, make do with fewer secretaries so that the summer holidays do not affect the business so much. The obvious way to do this was to reduce the burden of work on the secretaries, hence executives writing their own letters.

But being designers Conran was not satisfied with scribbling on any bit of paper, so it devised an elegant system. The only snag so far is that the system depends on a copier and is always breaking down.

One copier is loaded w Conran headed paper with lin ruled on it, just as on on school essay paper. The lin were necessary for legibili There is a flash on the headi which announces, "This letter handwritten in the interest speed and economy, please let have your comments."

The incoming letter is pho copied on to the back of lined Conran writing paper. T usual polite openings are u but with a slight variati "Thank you for letter of wh ever, which is overleaf," and th it gets down to business. photocopy of the outgoing let is made for Conran's files.

So far the company received very few comments admits that it is a little early to evaluate the exercise wh has only been going five mon "Its true value will show it next summer when we encour the same problems," says Hayn He hopes to save the costs of secretary out of the se employed by the company — saving of £2,000 a year. Tho copying costs are likely to go by 10 per cent. at the most, t should not reach the £2,000 ma Overprinting of the ordin headed paper only cost about 1,000 sheets. D.M.

OVERSEAS NEWS

Egypt blames delay on Israeli 'Cabinet crisis'

BY WILLIAM DULLFORCE

CAIRO, Dec. 16.

E OPENING of the Middle t peace conference in Geneva December 21, the new date icated last night by Mr. Ismail my, the Foreign Minister, pends on the outcome of Dr. nry Kissinger's talks with aeli leaders to-day, according Egyptian officials.

They blame the three-day postnement on the "crisis within Israeli Cabinet" over the ditions which some of its mbers wish to impose for ell participation.

Although Israel objects to the N. "umbrella" for the conence, this is not thought here be the major obstacle. More ious is the issue of the Israeli r prisoners held by Syria and eventual participation of lestinian representatives alongle the Jordanian delegation.

Israeli leaders have mainned that they will not sit with rians at a conference table til they have received a list prisoners held by Syria. After st week's meeting here between esidents Sadat and Assad, yptian officials predicted that esident Assad would stand firm his refusal to discuss the isoners question until Israel nounces its willingness to low the return of 15,000 disaced Syrians to the land cupied during the October war. The Egyptians are taking the stponement relatively calmly it are anxious about Israeli evasiveness." They feel Israeli ctics may be to get the conferce bogged down from the ginning in the discussion of chnicalities.

Foreign Minister Fahmy's nouncement last night that the nference would proceed right rough the Christmas period did not imply there would be no breaks for the holidays, it was explained to-day. Fahmy was affirming that there would be continuity in the conference work and no major postponements.

The Cairo Daily Al Ahram underlined the Egyptian case for U.N. cover of the conference to-day. Any disregard of the U.N. umbrella, even in questions of form, "would constitute a precedent for disregarding the U.N. resolutions as a basis for settlement.

"The crisis is maintaining its inflammatory character only because of Israel's obstinate defiance of the rules of international legitimacy," the newspaper commented.

Al Ahram reported to-day that Mr. Vladimir Vinogradov, the Soviet Ambassador in Cairo for the past three years, will head the Soviet delegation at the Geneva conference and will take over from Mr. Andrei Gromkyo, the Soviet Foreign Minister, who will attend the opening.

Egypt continues to maintain military pressure along the ceasefire front. The UN spokesman here reported 65 ceasefire violations on Thursday and 26 Israeli complaints, the majority concerning forward movements by Egyptian forces. On Saturday the UN recorded 51 violations, including mortar and artillery fire, but they were described as "not serious" by the spokesman.

The minor, testing probes by the Egyptians are designed to keep the Israelis mobilised and to warn them that Egypt is ready for another bout of fighting.

Meanwhile January 20 has been fixed as the date for the convening here of the Palestinian National Council. It will be followed by a Palestinian national rally, bringing together over 500 representatives, according to Cairo newspapers.

Sumed contract signed

BY WILLIAM DULLFORCE

CAIRO, Dec. 16.

EGYPT YESTERDAY inaugurated the third blast furnace at the Helwan iron and steel complex, tripling its annual steel capacity to 900,000 tons. And on Friday it signed the final contract with Bechtel Corporation of the U.S. for the construction of the $400m. twin oil pipeline to carry 80m. tons of Gulf crude a year between Suez and Alexandria.

Built with Soviet finance and technology, the Helwan complex has cost £150m. to date, of which £80m. is in foreign exchange. The Soviet Minister for Heavy Industry, Mr. Fuad Yakubovsky, headed an imposing Soviet delegation to the opening ceremony performed by Vice-President Mahmoud Fawzi.

The signing of the Bechtel contract for the building of the SUMED pipeline finally puts paid to the hopes of the West European consortium which, with Government backing, had been negotiating for over two years for the project.

Israelis fear U.S. seeks unacceptable concessions

BY L. DANIEL

TEL AVIV, Dec. 16.

DR. HENRY KISSINGER, U.S. Secretary of State, emerged from a three-hour meeting with the Israeli Prime Min'ster, Mrs. Golda Meir, to-night and told reporters that things were going "very well." Israel's Ambassador to the U.S., Mr. Simcha Dinitz, who came out of the building with him, agreed.

Foreign Minister Mr. Abba Eban, who emerged earlier, said the atmosphere at the meeting was "of the cordiality we always have with meetings with Dr. Kissinger."

Dr. Kissinger first met Mrs. Meir, privately, and they were then joined by the Defence Minister, Mr. Moshe Dayan, and Mr. Eban. The talks began soon after Dr. Kissinger arrived.

At various times during today's meeting officials were seen emerging from the Prime Minister's office, including Lieutenant-General David Elazar, the Chief of Staff, and Major General Aharon Yariv, who represented Israel at the ceasefire talks at Kilometre 101 on the Cairo-Suez Road.

After the meeting Dr. Kissinger went to Mr. Eban's home for a working dinner to be attended by Mr. Dayan and others. Mr. Eban said that if their work was not completed to-night there would be further talks to-morrow.

The U.S. Secretary of State, Dr. Henry Kissinger arrived at Lod Airport this afternoon and proceeded immediately to Jerusalem for his initial meeting with Mrs. Golda Meir, the Prime Minister.

Dr. Kissinger's mission is viewed with grave forebodings in Israel. The fear is that he will demand concessions by Israel—designed to get the Geneva peace talks going and to satisfy Arab demands—which are completely unacceptable here.

Prior to the Secretary of State's arrival here the impression has been that he has gone more than half way to meet Arab conditions at Israel's expense.

First, the agreement of the U.S. and U.S.S.R. to the Geneva conference being held under UN, rather than superpower auspices, is regarded in Jerusalem as an ill-omen since it appears to open the door wide to the Egyptian interpretation of Securiy Council Resolution 242 of November, 1967—that Israel has to withdraw from "all the occupied territories." (The version submitted by Britain and approved by the Security Council then talked about "occupied territories" and spoke of the need for "freely negotiated, secure and recognised borders" for Israel.)

Second, Egypt's declaration that she will participate in the Geneva Conference but not negotiate directly with Israel runs directly counter to the Israeli's conception of the conference. This is that it should be aimed at a freely negotiated peace agreement.

Third, the Israeli view is that the return to the 1967 borders insisted on by the Arabs would, in view of their increased military capability and the self-confidence engendered by the initial successes achieved in October, prove a standing invitation for an attack on Israel.

Fourth, the proposed introduction of the Palestine guerilla organisations into the negotiating arena, possibly from the very beginning of the conference, is something which even the most doveish "doves" here regard as unacceptable. Israel Premier Mrs. Golda Meir reiterated to-day that Israel's negotiations in Geneva are with states and not with organisations though there would be nothing to prevent the states concerned, particularly Jordan, from including Palestinian representatives in their delegations. The need for solving the problem of the Palestinians is freely acknowledged on all hands here but, it is argued here, there is little point in negotiating with those who are sworn to "liquidate" their negotiating partner.

Syria insists on return to October 22 lines

BY IHSAN HIJAZI

BEIRUT, Dec. 16.

DR. HENRY KISSINGER, the U.S. Secretary of State, has not yet been able to persuade President Assad to provide a list of Israeli prisoners-of-war in response to the demands of Mrs. Golda Meir's Government, according to informed sources.

Nevertheless, Dr. Kissinger described his talks with the Syrian leaders on Saturday as extensive, frank and very fruitful. He also declared that another 20 years will not elapse before a U.S. Secretary of State visits Syria again and that contacts with Damascus w'll continue.

The sources said Dr. Kissinger is expected to take Syrian conditions for the exchange of prisoners to Israeli leaders when he goes to Tel Aviv to-night. The Syrians are reported to insist on Israel going back to the October 22 positions in the Golan Heights. This would mean, from the Syrian point of view, a withdrawal by Israeli forces from two new posts on Mount Hermon occupied on October 23.

The sources added that a proposal by Dr. Kissinger for resumption of diplomatic relations between his country and Syria was set aside by President Assad as premature.

He and President Hafez Assad of Syria talked for six instead of two hours. Although Dr. Kissinger in his statements to newsmen later attributed this to the fact that he is the first U.S. Secretary of State to visit Syria in 20 years, informed sources said the Damascus talks were extremely difficult.

For other than Syria's generally tough line on a Middle East solution, it has taken even a harder stand on the question of exchange of prisoners with Israel.

Dr. Kissinger had flown to Damascus from Riyadh, where he had meetings with King Feisal and his State Minister Mr. Omar Saqqaf.

Sources close to the Kissinger party said the atmosphere in Riyadh this time was much more friendly than it was when the U.S. official visited Saudi Arabia in November. They added that although Dr. Kissinger has not been able to get a firm commitment from King Feisal on lifting the oil embargo against the U.S., he was told Saudi Arabia will make a significant gesture on the oil supplies when the Geneva talks show signs of progress regarding Israeli withdrawal from Arab territory.

The sources pointed out the atmosphere between Kissinger and Saqqaf was so relaxed that the latter was calling Kissinger "Henry" throughout the talks.

Strict security measures here, a student sit-in at the Beirut international airport and a demonstration by Leftists led to a last-minute change of plans for the arrival in Lebanon of U.S. Secretary of State Dr. Henry Kissinger.

Dr. Kissinger's Boeing landed at the military base at Rayak in the Bekaa Valley, some 45 miles east of here instead of landing at Beirut airport. At Rayak Dr. Kissinger and his aides had a working lunch with President Suleiman Franjieh, Premier Takieddin Solh and Foreign Minister Fuad Naffah at the officers club.

Most opinion columns and cartoons in the Press here were devoted to-day to the Kissinger visit. The Right-wing daily Al Hayat featured the U.S. official as a Santa Claus bearing gifts, but editorials in other newspapers noted that despite the decorative paper and ribbons with which the packages are wrapped, they remain empty.

They were referring to the postponement of the Geneva talks on the Middle East and to the fact that the ceasefire talks between Egypt and Israel at Kilometer 101 had produced no effective results

One paper, the pro-Cairo Al Anwar, warned that Dr. Kissinger will definitely fail in his mission if he does not begin by finding a solution to the original Palestine question.

At this time, tension continues to rise on the Golan Heights as clashes between Syrian and Israeli forces have become a daily affair. Syria has accused the Israelis of seeking to fortify their positions on the northern and central sectors of the heights and said her forces have orders to stop the enemy.

● Reuter reports from Amman: The U.S. Secretary of State, and Jordan's Prime Minister, Mr. Zeid al-Rifai, said to-day that in their talks here they reached "total agreement." Speaking to reporters at the airport before flying to Beirut, Dr. Kissinger said he and King Hussein, together with their associates, spent several hours discussing "the procedures, objectives, and subject-matter of the conference on peace in the Middle East as well as bilateral relationship. "There was a complete identity of views with respect to all the subjects," he said.

Fiat may shut till New Year

BY ANTHONY ROBINSON

ROME, Dec. 16.

FIAT IS examining with the trade unions the possibility of closing its major car plants from December 22 to January 2. The closure, which would include four normal working days between the Christmas and New Year holidays, is aimed firstly at saving fuel and energy and secondly at clearing-up the backlog of half-finished vehicles currently awaiting parts.

The unions are reportedly willing to accept the longer holiday period now, without loss of pay, on the understanding that these will be made up later in the year.

Sig. Umberto Agnelli, the managing director, earlier said that Fiat has such a backlog of orders that the full brunt of the current drop in new orders will only be felt by the second half of 1974. But latest figures, which show that Fiat's new orders in export markets were down 40 per cent. and home orders 39 per cent. over the last two weeks, have increased apprehension. Fiat believes that this is an exaggerated first reaction, but calculates that a drop in orders of 20 per cent. would make 25,000 of its 190,000 workers surplus to requirements.

Algeria angry at French blast

BY ROBERT MAUTHNER

PARIS, Dec. 16.

HE BOMB explosion at the lgerian Consulate in Marseilles st Friday, which killed four lgerians and wounded 16 others -some of them seriously—has ice again threatened the whole elicate relationship between rance and Algeria.

It is not as if the explosion was isolated incident. Last August e murder of a trolley-bus river by an Algerian immigrant orker in the same city sparked a whole series of racial clashes hich, according to the lgerians, caused the death of 12 their compatriots.

Responsibility for the most ecent bomb explosion has been laimed by a hitherto unknown xtreme Right-wing organisation f former French settlers in lgeria, calling itself the Charles lartel Club, after an eighth cenury French warrior who is eputed to have halted the dvance of the invading Moors at Poitiers.

In a letter to a news agency ffice in Paris the group said that French settlers in North Africa had been thrown out by violence and that it would do the same to North African immigrants in France. It also attacked the French Government for bowing to Arab oil threats, saying that it was "better to ride a bicycle than to crawl."

Whether or not this group is, in fact, behind the bomb attack, has not yet been clearly established. But there seems little reason to doubt, on the basis of past evidence, that it was the work of extremist former French settlers in Algeria.

In a telegram to President Boumedienne of Algeria, President Pompidou has expressed his "emotion and indignation" at the incident and has promised that the French Government would do everything in its power to find and punish those responsible.

It is highly unlikely, however, that such expressions of good intentions will be sufficient to placate the Algerians, who claim that the French authorities have not been doing as much as they could to protect the North African immigrant population, which totals nearly 1m. Some French newspapers have joined the clamour by pointing out that, in spite of anonymous warnings of an impending bomb attack, the Algerian Consulate in Marseille was inadequately guarded by the police.

Although it is not yet clear what steps the Algerian Government intends to take, the noises being made by the Government-controlled Algerian Press Agency, are not exactly conciliatory. The whole field of Franco-Algerian co-operation could suffer as a result of continued anti-Algerian activities in France, the Agency warned, at the same time, accusing the French Government and police of shutting their eyes.

Given the world energy crisis and France's heavy dependence on Algerian natural gas supplies, such warnings could have much wider implications than in more normal circumstances.

Major Soviet farm reform plan

MOSCOW, Dec. 16.

THE SOVIET UNION, backed by an all-time record grain harvest of 222.5m. tons, has embarked on the greatest reorganisation of farming here since Stalin collectivised the peasants over 40 years ago.

Mr. Leonid Brezhnev, General Secretary of the Soviet Communist Party, outlined plans for Soviet economic development in a major speech to a Communist Party plenum a week ago. To-day the Soviet Party daily, Pravda, making the first disclosures of what Mr. Brezhnev had said, announced that the present system of collective farms (an association of individual farmers) and State farms would give way to larger and more integrated units, with increased specialisation in livestock breeding, fodder production, and other food output.

Pravda said economic persuasion and not coercion would be the impulse in bringing about the new integrated structure of farming—with larger farm conglomerates spaced around bigger farm townlets.

Other reports recently have suggested that food processing plants, other light industry and construction units should be installed in these rural homesteads to absorb labour as rationalisation reduced the farm labour force.

Pravda to-day said the new farming system would also have to accomplish social tasks. This seems to indicate the creation of larger self-supporting rural communities better provided with health and educational services—a way to remove the stigma of second class citizenship from the Soviet Union's more than 100m. people who live and work on the land.

A new Soviet State Constitution being drafted to replace the 1936 Stalinist Constitution is also expected to aim at erasing the existing differences between the countryside and the towns.

Behind the present proposal for gradual transformation of collective farms into even larger State farms—with specialised pig, cattle, wheat and fodder production—appears to loom the idea of the garden city or agrogorod, Western observers said.

The Soviet Party quashed this idea in the early 1950s as Utopian and the term has fallen into ideological disfavour.

Apart from raising social standards in the countryside and raising efficiency and farm incomes, the reorganisation would help to entice rural workers off the land into local industry and construction. Soviet industry, especially building, suffers from a nagging labour shortage which is crippling some housing programmes.

In the U.S., only 5 per cent. of the labour force works in agriculture but in the Soviet Union it is about 30 per cent. and with families slightly under one half of the Soviet population of 250m. is tied to the villages.

Pravda, in reporting Party plans for the economy, also announced an even higher figure for the grain harvest of 222.5m. tons—up on the original official estimate of 215m. tons announced first by Mr. Brezhnev a month ago.

Reuter.

H.K. official sterling reserves guaranteed

HONG KONG, Dec. 15.

THE HONG Kong Government has announced that it has reached an understanding with Britain under which the colony's official sterling reserves will be guaranteed until March 31 at the rate of $2.4213 to the pound.

A Government spokesman said it was the result of detailed discussions over some months involving the application to Hong Kong of the unilateral offer by the British Government last September that it would continue to guarantee certain sterling reserves for six months at the new rate of $2.4213 after the expiry of the Basle agreement.

Under the five-year Basle agreement which expired on September 24, all Hong Kong's sterling holdings were protected at $2.40 to the pound. In return, Hong Kong agreed to deposit 89 per cent. of its foreign reserves belonging to the colonial government or commercial banks in London.

The Hong Kong government does not publish figures of reserves, but last September they were estimated at around £700m. of which between one third and a quarter were held by the banks and were not official government reserves.

According to to-day's announcement the new agreement specifically excludes the sterling balances held by local banks. It said the decision to exclude the banks' holdings from the guarantee "reflects the fact that the sterling holdings of local banks are no longer judged to be sufficient to warrant their inclusion."

Informed banking sources said the local banks had been selling sterling for some time and had now diversified their holdings. Their exclusion from the new agreement will not cause any problems, the sources said.

The Government statement made no mention of whether the present agreement made a provision allowing Hong Kong to diversify out of sterling over the next few months.

Under the previous agreement Hong Kong was obliged to keep 89 per cent. of its reserves in sterling. Hong Kong's financial secretary Philip Haddon Cave commented, however, that the new agreement was satisfactory to both the British and Hong Kong Governments.

Reuter

Japan lifts more restrictions

BY PETER DUMINY

TOKYO, Dec. 16.

THE YEN takes a stride towards a more international role tomorrow as a result of the lifting of remaining restrictions on the conversion of other currencies into non-resident-owned yen. In future there will be no limit on the operation of free yen accounts.

The authorities are believed to hope there will be a healthy inflow of dollars (a result which has failed to follow previous relaxations of exchange controls since the beginning of last month) and also to want in the longer run to encourage the writing of yen-denominated contracts and other international uses of the currency from which the balance of payments could be expected to benefit.

The moves are prompted by the continued adverse balance of payments figures being disclosed by the Ministry of Finance. However they should not be seen as short term measures. They reflect a view in Tokyo that Japan will remain a substantial exporter of long-term private capital and therefore that exchange controls should begin to look more like those of other countries in the same position, notably the U.S.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Cuts cost of making polypropylene

RESEARCH carried out for several years by Solvay, both in the laboratory and in pilot plant, has resulted in the development of a new polymerisation process for the manufacture of polypropylene. Compared with existing methods, the process developed by Solvay gives a big increase in throughput and reduces the cost of making various sorts of polypropylene.

Patents have been applied for in different countries and the interest aroused by the new process is attested by the numerous discussions in progress concerning possible granting of licences.

The company has decided to use this process itself and, because of the rate of growth currently forecast for polypropylene, to build a unit with a production capacity of 50,000 tons a year that can easily be brought up to 100,000 tons.

By this decision, the Solvay Group, which is already a major producer of polyvinyl chloride and one of the biggest producers of high-density polyethylene in Europe, adds to its range of products a new and important plastic material of which the main outlets are textile industry, household goods, toys and sports articles, packaging and automobile parts.

The production unit for polypropylene will supply the whole EEC market; it will be brought into service at the end of 1975.

Further details from Solvay, rue du Prince Albert, 33, B-1050 Brussels, Belgium.

● INSTRUMENTS

Detects gamma rays faster

A NEON flash tube, claimed to be ideal for the detection of gamma rays is now available from International Research and Development Company of Newcastle-on-Tyne.

In ordinary tubes, a flash (indicating the detection of a particle) is followed by a recovery period of nearly a second before the tube is capable of flashing for a second particle. This is ideal for cosmic rays where the flux of particles is low and an event occurs only every few seconds. The situation is quite different, however, for accelerators in which several bursts of high energy particles are emitted per second. Under these circumstances the flash tube cannot cope and one event is confused with the next.

By adding small amounts of oxygen or methane to the basic neon-helium mixture, the recovery time of the tubes is reduced to a few milliseconds so that many more events per second can be studied.

Tubes 50 cm long have been tested in the beam of an accelerator producing particles with an energy of 5 GeV, and recovery times of under 20 ms verified.

Shows grain quality

THE MOISTURE, protein and oil content of any grain can be determined in about 40 seconds using an instrument just announced by Rank Precision Industries of Great West Road, Brentford, Middlesex, which states that a minimum of four hours is needed—using other methods.

The instrument is known as a grain quality analyser and is made by Neotec Instruments in the U.S. It was developed from research carried out by the U.S. Department of Agriculture with speed, accuracy and simplicity as the keynotes.

To obtain an analysis, an operator has only to place a ground grain sample into the sample tray, push the tray into position and the instrument then gives an automatic reading of the oil, protein and water content. The maker claims an accuracy of 0.2 per cent, which is possible because interference from temperature, age or dust has been virtually eliminated.

Using near-infra red light, research showed that the amount of protein, oil and moisture in grain can be determined by analysing the reflectance characteristics of a sample. In this new instrument the light beam passes through a tilting filter system which changes angle in relation to a tungsten light source.

Measurement points are scanned using only three narrow band-pass infra red filters. At every point the amount of filtered light reflected by the grain sample is measured by a photo-detector. Data is fed automatically into a built-in computer which solves third order equations and displays protein, oil and water content on a digital readout.

Each grain type—soy, corn, barley, wheat, etc.—has its own "co-efficients" or "influence factors" in the equations. These are programmed into the instrument on a flat "Q" card. For different substances another "Q" card can be inserted which automatically changes the calibration and gives the highest possible accuracy.

● COMMUNICATIONS

Independent network wins in U.S.

FEDERAL Communications Commission in Washington has finally granted permission for Packet Communications Incorporated to go ahead with its proposed packet switching network, using the facilities provided by the existing carriers. The network proposed will link 26 cities throughout the United States. The initial phase is to go into operation by the first quarter of 1975, and by 1978 they expect to connect up some 57 cities.

They will do this using AT&T's facilities, 50kb lines, and the initial permission is for the twenty six cities. In giving PCI permission, the FCC has also designated it as a common carrier.

This would not normally be seen as a decision of any importance outside the United States. However, this is not so. The FCC has clearly recognised PCI as what is called a "value added" carrier. Now the common carriers both national and international, including the European PTT's, have always presented a united front on this issue.

The line they have taken is that one can send almost anything down their circuits provided that they are equipped to provide it, have a tariff, and keep control of any transformation that is done to the traffic. It is this pass that the FCC has now opened.

The FCC is quite specific in opening the door. It gives as its opinion that "the services PCI initially will offer the public . . . would constitute PCI a common carrier within the meaning" (then follow references to the Communications Act of the U.S.).

To make sure AT&T does not set the tariffs too high and does not load the situation against PCI or the other common carriers to whom it has awarded permission to compete with AT&T during the past two years, FCC also states that it plans to institute proceedings in the near future to examine AT&T's tariff provisions with respect to the facilities involved generally. For AT&T did some time ago agree in principle to provide PCI with line facilities.

As the FCC opinion, order and certificate discussing all this makes clear, there are a lot of applications for value added services pending, and a numbe of would-be customers.

Telenet Communications Co poration a subsidiary of Bo Beranek and Newman has als filed an application to create packet switched network. Tel communications Network In has plans for a commerciall aimed data communicatior service, as has MCI Data Tran fer Corporation which intends t build an ARPA-like network.

PCI's application was su ported by many organisatior among them some large potenti users—the Federal Reserv System, and Computer Corpor tion of America which plans t offer a nation-wide data ban service.

The Americans having sold th pass it now remains to be see how long can the Post Offic and the European PTT's hol out.

● POWER

Tubular batteries on standby

THE FIRST tubular stationary batteries to provide total standby power in British nuclear generating stations are being supplied by Haddon-Oldham through its Oldham subsidiary at Denton, Manchester.

Twenty eight tubular stationary batteries ranging from 200 to 1,200 ampere-hours capacity are being supplied for identical installations at Hartlepool, Co. Durham, and Heysham, Lancashire, nuclear power stations.

The two contracts (worth £100,000) were placed by British Nuclear Design and Construction.

Because of inherent design advantages, the tubular batteries provide twice as much power as conventional batteries of similar dimensions. In addition to space and weight saving, maintenance is reduced to a minimum as active material shedding from the positive plate within the cells is negligible. The batteries have a long and dependable operating life—the only routine maintenance required is a periodic topping up with distilled water.

Installation of the first 14 tubular batteries and associated fuse-gear has already been completed at Hartlepool nuclear power station. The array includes 240V essential supplies batteries of 1,200 ampere-hours capacity, two 110V switchgear batteries at 385ah, four 110V gas turbine starter batteries at 1,100 ah and four 50V control, instrumentation and telecommunications batteries at 200 ah capacity.

This Sigma automated gauging machine is now being used in the quality control department of Wellworthy of Lymington, Hants, to check diesel engine piston profile characteristics at every 5 degrees round the circumference and at every 0.1 inch along the length. In addition piston ring grooves are checked for waviness. Inspection takes 3 to 5 minutes. The machine is made by Herbert Controls and Instruments of Spring Road, Letchworth, Herts.

● DATA PROCESSING

Memories programmed to order

A COMPREHENSIVE programmable read only memory (PROM) programming service has been introduced by Jermyn Distribution of Vestry Estate, Sevenoaks, Kent.

After a number of requests from customers the company has designed and built a programming machine which is able to program almost any manufacturer's PROM.

At the moment it is being used to deal mainly with fusible link devices but Jermyn states that it can be used to deal with PROMs using other mechanisms.

An interesting feature of the machine is that it uses one of the company's heat pipes for cooling the device being programmed.

Charges for the service depend on the quantities and capacities being programmed, but typically the cost for 10 or more 512-bit devices is £5 each.

Promoting a language for tyros

SYSTEMS Consultants (SCL) has decided to take over Conversational Software (CSL). This take over will enhance the range of SCL's computing work and the resulting increased quality and quantity of the software will complement SCL's existing software capabilities and their hardware (the Edinburgh-based IBM 360/65 computer is the largest commercially available computer in the U.K. outside London).

Commenting on the takeover, SCL managing director R. S. Watt says: "CSL, as its name suggests, has as one of its primary aims the provision of a simple language whereby the non-technical person with no computing experience whatsoever—be he in industry or commerce or the academic world or wherever—can converse, via a typewriter or other terminal device, with the computer.

"POP-2, the language which CSL has developed, can assist people without any knowledge of computers and computing. A development of POP-2, Easydata, enables similar non-experienced people to get information from a computer using simple English language questions.

"In other words, our purchase of CSL will enable us to offer an increasingly efficient service to customers and potential customers in industry and commerce, and a completely new service to potential academic customers."

CSL is a company which was spun-off in 1969 from the Department of Machine Intelligence at Edinburgh University and has successfully transferred technology from the academic sphere to the wider industrial and commercial arena.

Current users of CSL's software range geographically from California to Geneva. Some 25 of its systems are installed or on order: users include universities in Canada and California, CERN (European Council for Nuclear Research) in Geneva, the Medical Research Council, SRC Chilton, the Post Office, Department of the Environment, and Joseph Lucas.

Software for pension scheme

LEASCO SOFTWARE has been awarded a contract by the Paymaster-General's Office to work jointly with PGO staff in the design and development of the public service weekly paid pensions system.

Among its responsibilities, the PGO directs payment of approximately 90,000 weekly pensions through Post Offices using order books covering staggered periods.

The payment of these pensions will be transferred on to the PGO computers (two ICL 4/50 machines) using a system designed to cover calculation of the amounts payable, income-tax and other deductions, operation of the annual pensions' increase, printing of pensions' books, control of the issue of the books and production of management statistics and other information that is currently provided manually or which cannot be provided at all.

SPL puts minis in a section

SPL INTERNATIONAL has concentrated its minicomputer activities within an operating group formed specifically to deal with the rapid growth of business in this sector of the computer industry.

According to Ken Barnes, SPL's managing director, by 1978 minicomputer work is expected to account for 50 per cent. of SPL's business. Within the past four years SPL's business in the minicomputer area has grown from 5 per cent. to nearly 20 per cent. of the company's turnover. Minicomputer software sales and hardware deliveries for 1973 has reached almost £½m.

SPL's decision to formalise its minicomputer activities should not be looked at in isolation. The creation of this group is a natural step dictated by the direction in which the computer industry itself is moving. When SPL began ten years ago, batch processing dominated all computing activity. Within a few years the development of real time computing was to dramatically influence every sector of the industry. SPL formed its real time division in 1968 to develop its markets and expertise in this area.

With the commercial introduction of minicomputers in Europe, the industry is again undergoing rapid change. As newer and more sophisticated machines proliferate the market the range of applications is dramatically widening.

Two surveys recently conducted by SPL into the minicomputer and process control market have indicated that minicomputers will dominate the computer industry in the next decade. In 1969 there were 6,000 minis in use world wide. At the present time there are an estimated 50,000. The growth rate predicted is 40 per cent. per annum. SPL is convinced that, as with the real time situation over the past six years its activities over the next few years must be directed to developing its services, skills and resources to cope with the changing technology.

Datran to start up this month

ONE OF the new specialise common carriers in the U.S. Data Transmission Compar (Datran) is to begin an initi service this month betwee Dallas and Houston on the Tex portion of its nationwide al digital switched data communic tions network.

Sixteen microwave towers ar under construction which wi extend service to Oklahoma Cit Tulsa, Kansas City and Chicag by mid-1974. The entire coast-t coast system is due fc completion in 1975.

Twelve pioneer subscribe representing business, Gover ment and education have alread contracted to use the system an another 11 contracts are in fin negotiation.

Nineteen field engineers wh have recently completed Datran first technical training course ar to be assigned to the Dallas an Houston operations.

Building and Civil Engineering

Widening role of multi-service contracts

HE ADVENT of air conditioning ; a standard installation in new fice blocks in London signalled ie take-off of the multi-service ontract—whereby all mechanical od electrical services are istalled under a single contract y one company.

Up to now, this sort of job—hich can account for as much s 50 per cent. of total construcion costs in some cases—has een concentrated in the southast, but as rents increase in the J.K.'s other big cities and air onditioning becomes a viable roposition for the property ompanies, use of the multiervice contract seems likely to pread.

At first glance, such a egotiated contract (for example) nstead of several competitive ubcontracts, may not appear heaper for the client. However, n the long-run a multi-service peration can offer a shorter rogramme, a better technical ob, better maintenance and, erhaps most significantly, only ne person to accuse if mistakes ccur.

Air conditioning is probably ow worth twice as much as lectrics in a big office block ontract and its close integration vith other mechanical and lectrical work necessitate looking upon services as a total complex.

Services usually include heating, electrical, sanitation, plumbing and fire protection as well as air conditioning, and the advantage of the multi-service contract is highlighted when one company is asked to design and instal them. This can eliminate the problem of interpretation which can sometimes happen when basing an installation on someone else's design.

The concept is not new, nor is it confined to office blocks, but as contracts become larger and more complicated the industry's prospects look even brighter in the light of the urgent need to rationalise the U.K. construction industry.

A point made by Matthew Hall—one of the three biggest companies to carry out multi-service contracts on a national scale along with Drake and Scull and Haden Young—is the importance of maximising prefabrication by minimising site labour. For any estimate the greatest risk element is labour and one aim of the multi-service contract is to have management on site which will both minimise this risk and save overheads in the office.

Take the Barbican Arts Centre for which the services, amounting to a third plus of the total cost of the project, have been contracted to Drake and Scull. As a profit centre in its own right and with a peak office staff of 45, the project manager is virtually a managing director.

Unusual in this instance, even for a multi-service contract, is the presence on site of the design staff because of the scheme's complexity, with the only work subcontracted by D and S being the ducting, insulation, automatic controls and fire protection. On a site as notorious as the Barbican, it is equally important that John Laing Construction, the main contractor, has only one services company to deal with.

A main feature of the new Stock Exchange is the integration of all the services which were designed and installed at a cost of £3.5m. by Matthew Hall.

Another developing side of the business in the offices field is refurbishing—stripping and replanning a building and putting in air conditioning, where this can save applying for an office development permit so long as rents are pushed up sufficiently.

Hospitals, although an obvious candidate for the multi-service contract, are not firm favourites with the companies largely because of the length of the contracts and the frequency of alterations made to the original design. They have, however, in their urgent attempts to get construction costs down thrown up an interesting possibility—that of the services contractor acting as main contractor, in view of the high services content. (On the other hand, one current hospital contract has Haden Young doing the mechanical work and Drake and Scull the electrical).

The argument is strengthened by the fact that where, say, a multi-service contract accounts for 40 per cent. of building costs, practically all the work will be carried out by the services company, whereas the main contractor will subcontract a considerable proportion of his share. Drake and Scull has been approached to design, build service and equip a building overseas.

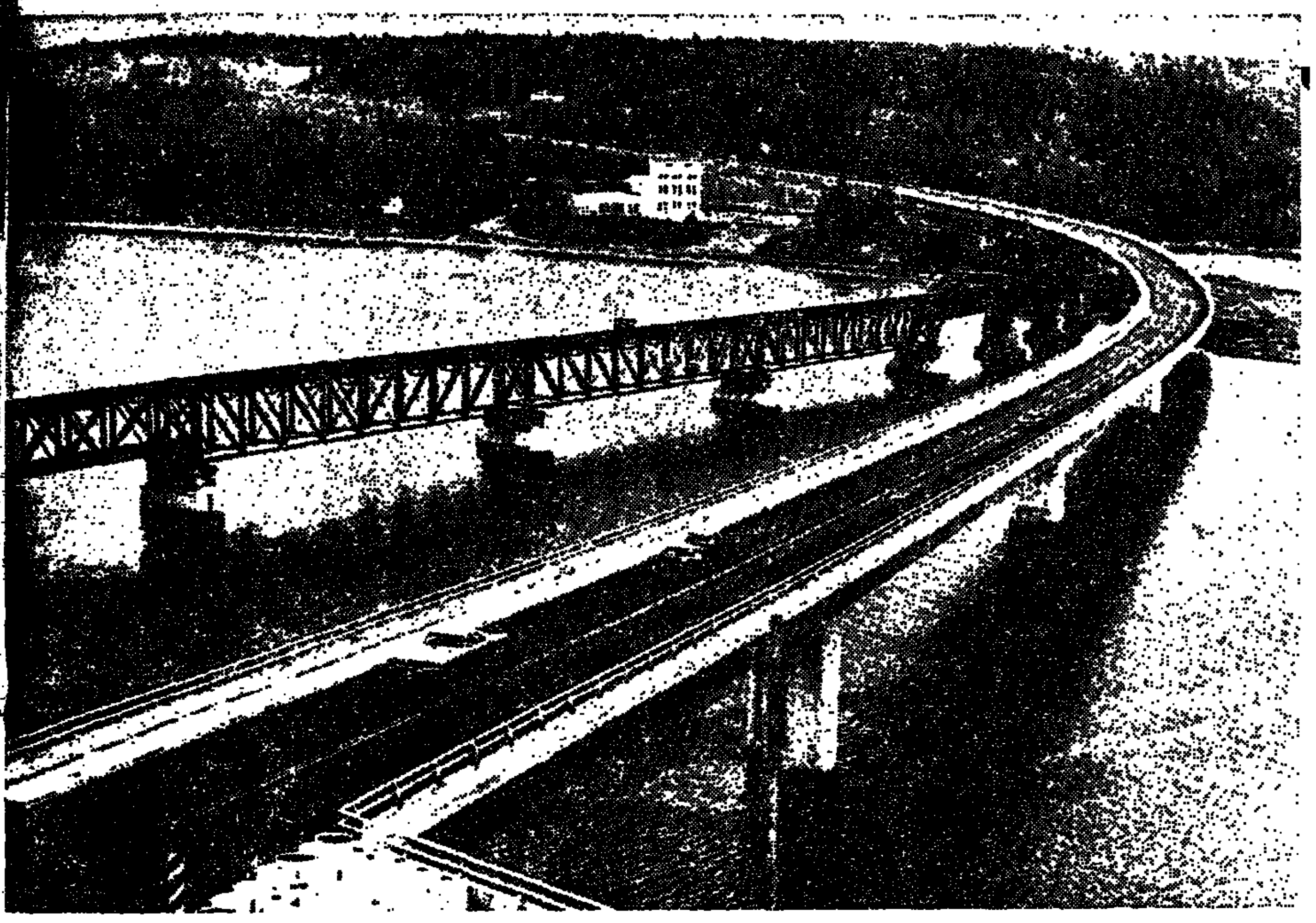
The multi-service contract has led to some desirable blurring of the distinct roles of the mechanical and electrical engineer—either, if he is an adept manager, should be capable of supervising such a project. Drake and Scull will set up a special project—multi- or single-service—depending on the size, complexity and time period of the job, as a sub-managed operation, and often at the tender stage, while Matthew Hall's mechanical division has until now co-ordinated multi-service contracts.

The importance of the management aspect is perhaps highlighted by Matthew Hall's close association with Marks and Spencer—the company has a section devoted solely to M and S projects, with which Bovis Construction, operating on a fee-basis, also has close links.

What of other future developments? A client will often ask a services company to co-ordinate the installation of lifts, kitchens and ceilings rather than leave them to the architects and this trend, Matthew Hall believes, is likely to grow.

While Drake and Scull maintains there is still some way to go in persuading clients to accept the multi-service contract, Matthew Hall thinks this form of contract could eventually be extended to include a maintenance package—not just for the boiler and refrigeration plants, but covering light fittings, office and window cleaning into the bargain.

JOHN DARLINGTON



Among the winners of the North American Prestressed Concrete Institute PCI Awards this year was this post-tensioned segmental cantilever bridge over the estuary of the Bear River in Nova Scotia. It replaces a nearby single-lane steel bridge and has been designed to improve the road system along the northwest section of the Province where tourist traffic has been increasing annually. The Bear River Bridge was designed for the Province of Nova Scotia by A. D. Margison Associates (1973) in consultation with Bouvy, van der Vlugt and van der Niet, The Hague, Holland. Post-tensioning was by Potenco, Incorporated. The general contractor was Beaver Marine. Consultant to the general contractor was Europe Etudes of Paris.

Dredging study in Mexico

LIVESEY AND Henderson, consulting engineers of Guildford, in association with Deplan of Mexico City has signed a contract with the Secretaria de Marina of Mexico for a study to be conducted on behalf of the Directorate of Dredging.

The study, which is financed partly by the International Bank for Reconstruction and Development and partly by the Mexican Government, is to ensure that the dredging proposed in Mexican ports and waterways over the next 20 years is carried out efficiently and at the least possible cost. The time for completing the study is 12 months.

Included in the British team are specialists from Sir J. H. Biles and Co., naval architects, and Setec, French consulting engineers, with further specialists on loan for this particular assignment by the U.K. National Ports Council and the Mersey Dock and Harbour Company.

In the past, Livesey and Henderson has worked in Mexico mainly in connection with railways. Deplan is a leading Mexican firm of consulting engineers, having recently helped on planning a new city to replace Managua, the Nicaraguan capital destroyed by an earthquake last Christmas.

Steelworks components contract

THE SYSTEM steelwork division of Sanders and Forster of Stratford, London, has won the contract for the supply of steelworks components for the building programme of the Onward Consortium of local authorities.

This consortium serves the area in the north-east of England covered by Lancashire, Cumberland, Westmorland and parts of Cheshire and has an annual building programme of about £15m. using the "Onward" system of construction.

Sanders and Forster is already responsible for the steelwork for the Scola system (Second Consortium of Local Authorities) amounting to 200 projects a year, and it is anticipated that this additional programme will call for the provision of steelwork for about another 100 projects a year.

"Apart from other types of local authority building, it is estimated that the total output from these two systems alone will represent at least 20 per cent. of the English school building programme," a spokesman for the company said.

Sanders and Forster, part of the Chamberlain group of structural engineering and property companies, also manufactures and markets a range of pre-engineered steel buildings for industrial and commercial applications, and has developed several structural systems and construction techniques.

Township in Kuwait

MOTT HAY and Anderson, consulting civil engineers, are supervising the construction of all main infrastructure services for a new £5.1m. township in Kuwait.

Designated Al Rekka City, the township will be located about 1 km inland down the southern coastal corridor of Kuwait, and will house a population of some 20,000 along with local amenities such as shops, mosques and schools.

The project is due for completion in 1975, the principal contractor being Energoprojekt, of Yugoslavia.

Lightweight block from Lytag

A LOW-COST lightweight building block known as Volite has been developed by Lytag, manufacturer of lightweight aggregate and a member company of the Laing Group.

The blocks are being manufactured at a new plant near Sittingbourne, Kent, and are immediately available throughout Kent and the South-East from all leading builders' merchants. The blocks are made from Picon volcanic ash, Lytag and screened clinker with nominal face dimensions of 450 mm by 225 mm (actual face 440 mm by 215 mm) and thicknesses of 75 mm, 100 mm or 140 mm.

Further details are available from Lytag, Transport and Trading Division, 127-128, Windmill Street, Gravesend, Kent, DA12 1BY.

Services at exhibition centre

MATTHEW HALL Mechanical Services has been awarded a £1m. contract for the installation of building environmental services at the new National Exhibition Centre, on a site adjacent to Birmingham Airport.

The 300-acre site will contain seven exhibition halls of different sizes, all at ground floor level, giving a total exhibition floor space of 964,000 square feet, nine separate service areas supplying catering and toilet facilities together with a four storey centre core to include a shopping area, arcades, administrative offices, kitchens and dining rooms, medical centre and comprehensive Press suite.

Matthew Hall will provide air conditioning, heating and sanitation to the design by Ove Arup and Partners.

Housing at Telford

SIR ALFRED McAlpine and Son (Southern) has won a £3.65m. contract from the Telford Development Corporation for the erection and completion of 401 houses and bungalows.

The contract also includes garages, mainly attached to dwellings and a local shopping centre at Stirchley together with the construction and completion of estate roads, footways and sewers. The project should be completed in 28 months.

French loaders in U.K.

A NEW company, Record Mechanical Handling of West Drayton, Middlesex, has been formed to market the "Monda" range of crane loaders, which are made in France.

The cranes can handle a wide variety of raw materials such as concrete blocks, scrap, building materials, timber, sand, gravel and so on, and feature minimal maintenance and the use of special high tensile steels for strength and lightness.

The layout of the main lift ram is such that it is always working to its maximum mechanical advantage, so that the crane will always lifts its rated capacity whatever the angle of the boom. On the other hand the jib layout is such that there is no problem in placing a load right up against the boom.

There are some 23 models in the range one of the most popular of which is likely to be the M100, which can lift 5 tons at 2 metres.

Mail order complex

A £5M. contract for the erection of a large-scale mail order distribution complex in Wigan, Lancs., has been placed with Tarmac Construction by the British Mail Order Corporation, a subsidiary of Great Universal Stores.

The new centre is to have a total floor area of over 600,000 square feet. With a cubic capacity of 14m. cubic feet, an outstanding feature of the project will be a single-storey, steel-framed "high bay warehouse," for full pallet storage of merchandise, which will incorporate the latest type of stacker cranes and other advanced forms of mechanical handling equipment.

British Mail Order Corporation's own planning team determined the overall design concept and the engineering services division of Tarmac Construction then developed this to include all elements of construction design.

Work on the project has already commenced and is scheduled for completion in the late summer of 1975.

Costain at Plymouth

COSTAIN CONSTRUCTION has begun work on a £1.3m. marine project at Ocean Quay, Plymouth, for Western Yacht Harbours, involving a residential block of 82 flats, four and five storeys high.

In conjunction with this contract, Costain Civil Engineering is to carry out repairs to the sea wall. This involves removing the damaged sections and replacing with large concrete blocks.

Architects for the flats are Marshman Warren and Taylor, and work is expected to be completed in late 1975.

Architects on the move

BRISTOL ARCHITECTS, Alec F. French and Partners, are combining their move to new premises at the beginning of 1974 with a change in name to the Alec French Partnership.

The new offices, which they have designed, are situated at 50 Queen Charlotte Street, and the development has been financed by The Worshipful Company of Armourers and Braziers in the City of London.

The Partnership will be fully operational at its new address from January 2.

£3m. homes by Wimpey

THE LARGEST of three housing contracts worth more than £3.3m. won by George Wimpey is for the construction of about £1.7m. of dwellings on the Percy King Estate for Clacton UDC.

The County Borough of Bolton has awarded a £858,000 contract to Wimpey for 112 two-storey houses and flats in Lever Street, as well as a community centre and roads and sewers.

Meanwhile the company has received a £750,000 contract from Manchester City Corporation for the erection of 91 two-storey dwellings in Marfield Street. This work should be completed in Spring, 1975.

Comparing concrete floors

STRUCTURAL LIGHTWEIGHT-aggregate concrete for suspended floor slabs is in some cases cheaper than dense-aggregate concrete, according to a report of a Concrete Society Working Party set up in 1971 to compare relative costs.

In other cases, where the cost is only fractionally greater, the performance advantages of lightweight-aggregate concrete should outweigh these small increases. The Working Party, consisting of design engineers, estimators, suppliers and contractors, investigated the generally held belief that the use of such concrete increases costs.

Copies of the report (price 25p.) can be obtained from Publication Sales Unit, Wexham Springs, Slough SL3 6PL. Reference number 51.068 should be quoted on all orders.

Work for McAlpine

SIR ROBERT McAlpine and Sons has been awarded a £3m. contract by Land and House Property Corporation for the construction of a municipal and commercial complex in Colchester, Essex.

In an area measuring 135 square metres, three separate structures are to be built housing shops, offices, flats, a public library, day centre, and toilets, with traffic-free walkways at ground level.

Construction is scheduled for completion during 1975.

Structural steel

THE NORTHERN Ireland Electricity Service has approved the placing of an £8.5m. contract with Redpath Dorman Long (Contracting) for the fabrication and erection of 25,000 tonnes of structural steelwork for a new power station at Kilroot, near Carrick Fergus.

The consulting engineers are Kennedy and Donkin, and R. J. P. Nicklin and Company has been appointed to advise on the protective treatment. Erection is expected to commence on site in September, 1974.

Energy savings in house construction

IF STANDARDS of insulation were raised just in new houses alone, then some 850m. gallons of oil could be saved over the next 20 years. For the average householder the cost of heating his home would be cut by around £25 a year at to-day's prices.

These were some of the figures presented to MP's at the House of Commons last week by BRUFMA, the British Rigid Urethane Foam Manufacturers Association, which is pressing for legislation to gain higher standards of insulation in buildings.

Professor Alan Pratt, of the University of Aston, presenting BRUFMA's case, said that in view of the importance of conserving energy, the maximum legal thermal transmittance from dwellings should be related to the maximum degree of thermal insulation which would easily be incorporated in such dwellings without the need to change established and conventional building techniques.

On this basis the extra insulation required would give an average saving of about 70 therms per dwelling per year.

At a new building rate of 360,000 dwellings a year in the U.K., the energy savings, even in this comparatively small area, would be 25m. therms in the first year.

Professor Pratt said that despite recommendations to the Government 30 years ago, the standards suggested have not become statutory and the low level of heat insulation in dwellings continues to-day with the official support of 1972 Building Regulations.

"In other words, current regulations permit walls to be constructed that in winter conduct heat from buildings at twice the rate recommended by a government committee 30 years ago," he added.

Energy savings associated with the current trend towards North American-style timber frame housebuilding were described by Mr W. E. Townsley of the Council of Forest Industries of British Columbia when he recently addressed a London timber trade meeting.

Production of timber to build a house wall unit absorbs one eighth as much energy as does production of concrete blocks to perform the same function, he claimed.

Quoting from official U.S. reports on possible substitutes for wood, he said: "Most competitive materials require relatively high inputs of energy compared with timber products. Thus, use of steel for framing exterior walls of houses, for example, involves more than three times as much energy as required for processing timber products and use of concrete blocks or aluminium requires eight times as much energy."

Until now the advances made in industrialised timber frame housebuilding in Britain had followed from the very high cost of traditional site labour and from the demand for better standards of finish and comfort.

To-day, however, there were even more compelling reasons to believe that in future the U.K. timber trade would be called upon to supply substantially larger quantities of specialised types of timber and plywood. The world's forests could supply a very much increased demand and it was important to note that they could go on producing these larger quantities in perpetuity for wood, unlike other raw materials, was a renewable resource.

Magistrates' courts

BACAL CONTRACTING has been awarded a £1.75m. contract by Reading Borough Council to build new magistrates courts and pedestrian malls as part of the town's civic centre complex.

The two- and three-storey in-situ concrete structure will provide some 40,000 square feet of accommodation, embracing six courts plus office space for the magistrates' staff and for the probation service. Its upper level will form a pedestrian "deck" complete with a pool, fountains and landscaped areas, and there will also be two levels of car parking with a road system underneath.

Architects and structural engineers are Robert Matthew, Johnson-Marshall and Partners. Work on site will start in February and completion is expected by 1976.

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The limits on action

GIVEN THE seriousness of the power situation, the Government was obviously right to introduce emergency measures. But the sudden change from exaggerated optimism to exaggerated gloom carries dangers of its own. While it may serve to bring home the gravity of the threat to national output and employment, it may also cause such an emphasis to be laid on the need for sacrifice that the real economic issues at stake are blurred.

It is worth stressing, therefore, that the Government faces three separate problems in the purely economic field. The first is to compensate for the effect which widespread short-time working will have on output, employment and spending power. The second, recognising that higher oil prices—and they may go higher yet—will have a further adverse effect on the balance of payments, is to reduce the proportion of total output available for use at home. The third is that this altered balance of payments outlook has finally invalidated the assumptions on which Stage Three was based and made necessary the negotiation of some alternative method of controlling inflation.

Short-term

So far as the first problem is concerned, the Government can take only short-term and tentative measures to reconcile reduced supply with reduced demand: the actual effect of short-time working on both sides of the equation is not predictable with accuracy. Nor has the Chancellor a wide range of suitable measures at its disposal. Credit policy has already been tightened: HP controls and direct controls over bank lending may be introduced, but they will only confirm tendencies that were likely to make themselves felt in any case. Changes in direct taxation may make themselves felt too late and changes in indirect taxation accentuate wage demands; it may well be that the rich will be taxed more for cosmetic reasons, the poor relieved of some tax for social reasons, and only the price of fuel increased for clear-cut economic reasons. As for public expenditure, though cuts are undoubtedly needed, it must be recognised that indiscriminate cuts are inevitably wasteful and that certain forms of public expenditure may need actually to be increased as a result of the new situation.

These difficulties about the use of particular measures apply also to the need for channelling a larger proportion of output into the balance of payments at a time when the price of oil will be affecting most of our main trading partners. Specific action to improve the balance can be taken only with their consent if it is not to contribute towards the growth of an international recession—a point to which we will recur. The overriding aim here must be to maintain business confidence and the anticipated level of capital investment in industry as at a high a level as possible.

International

The third aim, the negotiation of an alternative to Stage Three, is not a matter for this afternoon's statement—which, however, will form the background to it. It is to be hoped that the TUC will now treat the situation with more urgency and that this week's NEDC meeting will be the occasion for realistic discussion rather than sterile recrimination. It is clear that the new alternative will have to be both more restrictive about the overall increase in real incomes and more flexible in its application, and all parties must be ready to make concessions.

A word, finally, about external circumstances. The Government must clearly be anxious about sterling—a further drop in the price of which would only exacerbate our internal difficulties. But it is already widely agreed, at least in principle, that the industrialised countries should avoid the risk that individual attempts to protect their balance of foreign payments should precipitate recession. The Government's success in handling a difficult economic situation at home, therefore, will largely depend on its success in negotiating international agreement to lower interest rates and deal with the temporary deficits and movements of short-term capital which are now inevitable.

Disappointing summit

ON MOST COUNTS the European Community summit meeting in Copenhagen must be regarded as a serious disappointment. The heads of government managed to agree on three prolix statements, but there is little evidence that there was much meeting of minds on the fundamental problems facing the Community and it is not at all clear how much meaning should be attached to their promises of future action. It is tempting to describe the outcome as a setback for the policy aims of Mr. Heath and President Pompidou: but merely to use these terms is to underline how little the Nine managed to transcend the nationalistic squabbling which has marred the Community for so long.

Paper promises

The most hopeful sign is that the Nine got closer than before to acknowledging the principle of Community solidarity in the face of the energy crisis, though the phrases referring to the "orderly functioning of the common market for energy" and "concerted and equitable measures to limit energy consumption" fall-short of an open commitment to the sharing of energy. The Council of Ministers is invited to adopt an energy policy; but the fact that the deadline for a policy decision is "in principle" the end of February suggests that this could turn out to be another of the Community's paper promises.

Rather more serious is the absence of any response to Dr. Kissinger's plan for an Energy Action Group composed of Europe, Japan, the U.S., as well as oil-producing States. The Nine consider it would be "useful" to study energy problems inside the OECD: but there is a world of difference between study and action, and the main emphasis of the Community paper is on the development of a specifically European programme for finding alternative energy sources. Yet the fact is that Europe cannot expect to deal effectively with the long-term energy problem by itself.

Regional fund

Mr. Heath's failure to secure an immediate decision on a Community regional fund is disappointing, and if a decision is reached in Brussels to-day or to-morrow, it is likely to be on a far smaller fund than the U.K. would have liked. Yet the necessity for a regional fund is dictated not so much by Britain's desire for it as by the requirements of economic and monetary union, and here the Nine were able to do no more than call for "more rapid progress." On the other hand, they have clearly recognised that the energy crisis, and its impact on monetary flows and balances of payments, really do present an urgent need for closer economic and monetary cooperation.

But if this summit meeting failed to meet the challenge of the Community, it has at least established the principle that such meetings must be more frequent in future. The Copenhagen encounter took place in peculiarly difficult circumstances and it was made more difficult by the importunity of the Arab emissaries. It is difficult to be confident that the situation will be much easier in six months' time; but there is no alternative to the hope that the heads of Government can give a fresh impetus to the bargaining methods of the Community institutions, and at the same time can work towards a closer consensus on the fundamental political problems facing the Community.

Energy research: co-operation and national interests

BY DAVID FISHLOCK, Science Editor

Energy research supremos. From left, Mr. Donald Clark, of the CEGB, Dr. J. A. Gray, of the Gas Corporation, Sir Alan Cottrell, chief scientific adviser to the Cabinet, and Dr. Walter Marshall, member of the Atomic Energy Authority and director of the Research Group.

WITH THE oil-producing countries demonstrating so convincingly that sanctions in the energy sector can be every bit as devastating to a nation's security as military assault, the cry has gone up: "Every man for himself." Years of technical effort to chip fractions of a penny per kilowatt hour off the price of energy are mocked mercilessly when fuel supplies dry up. Likewise, conventional wisdom about the organisation and development of energy research can no longer be taken seriously.

Whatever the outcome of Dr. Henry Kissinger's proposal in London last Wednesday for an Energy Action Group in which the energy-starved nations of North America, Europe and Japan would work in concert every nation at present is striving independently for self-sufficiency in the shortest time possible.

In the U.S., President Nixon, proposing Project Independence last month, defined as its goal: "that, by the end of this decade, we will have developed the potential to meet our own energy needs without dependence on any foreign . . . energy source." Canada's Prime Minister, Mr. Pierre Trudeau, earlier this month proposed a national policy the object of which, "to be reached before the end of this decade, is Canadian self-sufficiency in oil and oil products."

National policy

But in striving to meet such sharply defined objectives any Government must also ensure that the evolution of a pattern of indigenous energy resources—a national fuel policy, if you wish—is sufficiently flexible to ensure that no fuel source can hold the community to ransom. In a sector with as much inertia as energy supplies, where a "short-term measure" means something we hope to benefit from by the mid-1980s, it is vitally important to see that no serious option open to-day goes unheeded because it conflicts with some sectional interest.

Almost everyone, to judge from the correspondence columns and my own mailbag lately, has his own pet panacea for achieving energy self-sufficiency in Britain. The spectrum of proposals stretches from plans to harness the tidal bore of the Severn to "nature cures" involving sunshine, wind or sewage. What seems to be missing is a focal point where the merits of all energy ideas and proposals might be assessed dispassionately.

It raises the question of whether the national goal can best be fulfilled by Britain's present policy of leaving energy research and development almost entirely in the hands of five monopoly industries—coal, oil, gas, electricity and nuclear power—and relying on competition between them. Or would we be better served by a central agency, of the kind the U.S. is creating?

In the U.S., the Government is forming a focal point in the shape of the aptly-named ERDA, or Energy Research and Development Administration. Less than a year ago President Nixon lost the services of his chief scientific adviser, who abruptly resigned when asked to preside over the break-up of the powerful U.S. Atomic Energy Commission, which had the biggest research programme in the U.S. energy sector. To-day, far from fragmenting, this agency's role is being expanded into ERDA, with responsibility for almost all federally funded research in the energy sector. The President has pledged funds for a $10,000m. programme over the next five years, a 50 per cent. increase on the total the individual sectors of energy research were expecting. The emphasis of the additional effort at present appears to be in the fossil-fuel sector.

In Britain, the U.K. Atomic Energy Authority, counterpart of the U.S. Atomic Energy Commission, and which is also doing the most energy research has avoided until now most of the public criticism that has fallen on the U.S. agency. But first Labour, then Tory governments, drew up plans for contracting the AEA and reducing its influence on nuclear affairs. Lately, too, the Central Electricity Generating Board in its efforts to persuade the Government to let it buy American reactors, has mounted a campaign to pin on the agency the CEGB's failure so far to achieve success with its latest nuclear reactors.

Could Britain be making a serious mistake by going so far in its efforts to curtail the AEA's say in energy policy-making? Many people will argue that by putting fuels into competition, there is less risk of missing something important than by leaving research with a monolithic organisation. When monoliths get locked on to a particular solution, they tend to close options to competing routes. Once an organisation has rejected an option—light water reactors in the case of the AEA—it can be hard to get the case reopened, even if the basic assumptions have changed.

Deter study

But does competition between four or five monopoly industries necessarily ensure that no major option will be disregarded? It is not difficult to spot options—hydrogen as an alternative fuel, for example—that fall into no-one's parish at present. On the other hand, a tidal barrage across the Severn would cut across so many other sectors of interest as to deter anyone from promoting a study.

Of one thing we can be quite sure, however. Competition—except in the nuclear sector—has diverted attention away from any effort to conserve energy resources.

With hindsight, the way these industries have sometimes used their research efforts has been self-defeating. The CEGB, which set up its own nuclear laboratories in the early 1960s on the pretext of needing them to take care of their nuclear stations during their lifetime (a role for which the AEA was surely well suited), used those laboratories to construct the case for rejecting a heavy water reactor the AEA was proposing. On another occasion the CEGB, after spending £2m. on a big experiment in "MHD," the electro-magnetic turbine that was to have raised the efficiency of every new power station by 10-15 per cent., failed lamentably to achieve its objectives. The CEGB then went out of its way to discourage the funding of MHD research in other laboratories.

Coal research and development in Britain has also been associated with some expensive mistakes. One was Prof. Bronowski's briquettes, an attempt to make coal out of coaldust. Long afterwards the National Coal Board recognised that Bronowski had been trying to solve the wrong problem. What had been needed was a much more efficient way of burning solid fuel. Another was the Collins miner, an automatic method of coal-mining named after the then NCB member for production. Neither Mr. Collins nor his research team stopped to ask whether the coal this machine might extract from thin seams was going to be worth the price of a very sophisticated method of mining, that required more steel to support the thin seam excavated than the weight of coal that was being extracted.

Some of the most attractive possibilities for the future will demand concerted action between energy sectors. Coal industry schemes for the "coalplex," for instance, where a single feedstock of coal would be converted to oil, gas, electricity, heat and chemical products from one and the same plant, will demand close collaboration with all of these industries. A hydrogen generation and transmission grid probably would need help from the nuclear industry to provide a central source of energy for "cracking" water electrochemically, and from the gas industry for transmission technology, as well as the collaboration of major energy users such as steel-makers.

Both are sectors in which the U.S. now plans to spend prodigiously, and where its help will surely be welcomed by other nations. Another sector requiring concerted international action would be any serious effort to establish the electric car. Without the oil industry's co-operation in adapting its infrastructure of service stations, any success in battery or electric propulsion technology is likely to go unrewarded.

At present, energy research and development is co-ordinated to some extent in Britain by the Department of Trade and Industry, through energy minister Mr. Tom Boardman and his newly-appointed permanent secretary Sir Jack Rampton.

The closest we come in Britain to a clearing house for proposals in the energy sector is the Cabinet Office, where the chief scientific adviser, Sir Alan Cottrell, is deeply embroiled in energy questions. Cottrell is in a strong position to persuade, on the one hand, a research centre to undertake research, and on the other to induce the Government to abandon a course of action he believes ill-advised. If, as is believed, Sir Alan has expressed reservations about the susceptibility to brittle fracture of the big steel pressure vessels needed for U.S. designs of light-water reactors, the Government would be foolhardy to ignore the counsel of a scientific adviser who also happens to be the country's foremost metallurgist.

But Sir Alan controls no research programme himself, an[d] in any case returns to unive[r]sity life next year. No succe[s]sor has been announced a[nd] the Government may well u[se] instead as advisers the corps [of] departmental chief scientists [he] has been helping to set up th[e] past year.

If Britain were looking f[or] the energy research effort th[at] most appropriately could unde[r]take an expanded role [in] administration, it would almo[st] certainly be forced to the sa[me] conclusion as the U.S. Gover[n]ment. In the AEA it has [a] research programme which, [at] about £50m. this year, is bigg[er] than those of the coal, gas a[nd] electricity industries put t[o]gether. Unlike these three, ho[w]ever, its programme has alwa[ys] been strongly orientated t[o]wards the conservation of fu[el] resources. It also has a go[od] record of successfully mana[g]ing large-scale energy projec[ts].

The irony is that the AE[A] is in very poor shape for pr[e]senting its case. Its chairma[n] Sir John Hill, has lost t[he] battle to retain domination ov[er] the policies of the nucle[ar] industry. So anxious has gover[n]ment and industry been to s[ee] the agency demoted—"on t[ap] not on top"—that it has fe[w] friends prepared to promote [its] new role. Certainly it is a ro[le] that would not be welcomed [by] the research side of oth[er] energy industries.

Highest priority

But even before the Ar[ab] boycott of the U.S., the U.[S.] Government recognised how u[n]wise it could be with an energ[y] crisis brewing to dismantle [a] team that could prove its salv[a]tion. No-one expects ERDA t[o] provide a "quick fix" for th[e] energy crisis. One authorit[a]tive Washington source say[s] that the programme now bein[g] assembled "places highe[st] priority on research area[s] that offer promise of rapid move to energy sel[f]-sufficiency, secondary priorit[y] on research aimed at ensurin[g] environmental quality, an[d] lowest priority on research tha[t] might help to cut the cost o[f] energy." In short, ERDA wil[l] turn upside down the estab[]lished order of priorities fo[r] energy research in Britain a[s] well as in the U.S. By the sam[e] token a similar role for th[e] AEA may require sacrifices i[n] top administration if its criti[cs] are to be mollified.

If it were then to emerge th[at] Dr. Kissinger had firm proposa[ls] to offer for joint action i[n] ameliorating the shortage of oi[l] Britain and the U.S. would hav[e] agencies of very similar skil[l] experience and remit who coul[d] handle discussions about tec[h]nologies as complex as th[e] establishment of an alternativ[e] fuel. Similar agencies woul[d] certainly be needed in oth[er] nations wishing to participa[te] quickly in any concerted actio[n].

MEN AND MATTERS

Our man in Algiers?

Early in the New Year, little more than 12 months after Britain joined the European Community, one of the main diplomatic architects of the accession will be leaving his desk at the Foreign Office. John Robinson, 48 later this month, has been engaged in the Common Market problem since he joined the British delegation in Brussels for the first negotiations in 1962. With Christopher Audland (now working for the Brussels Commission) he became one of the main workhorses of the team headed by Edward Heath, and no one was surprised when he came back to London to take charge of the Whitehall end of the Common Market operation in 1967. In the second, successful attempt on the Community citadel, he was, perhaps, the key figure: Sir Con O'Neill, the leader of the British civil service negotiating team, may have attracted more of the limelight, but colleagues suggest that Robinson really wielded more influence.

Robinson's ascendancy has been gained partly by his enormous capacity for work. His 12 years of experience have made him what one friend described as a "walking Bible of information about the Community" and he has an unparalleled acquaintance with key European figures. At the same time he has a sharp and, at times, ruthless approach to negotiations, and the French undoubtedly breathed easier when they knew he was at his holiday home in the Swiss Alps.

But now that Britain is a fully paid-up member of the Community, and responsibility for the EEC diffused throughout Whitehall, there is less of a clear-cut role for Robinson. His next job has not been officially announced, but he is almost certain to be our next Ambassador to Algiers. If so, it is an intriguing appointment, given the central role which some Western diplomats feel President Boumedienne has played in planning Arab strategy for the current military and oil offensive. At the very least he should have ample opportunity to exercise his talent for negotiations.

Tunnelling back

The swift move with which Tunnel Cement beat Marley to the 29.9 per cent. Slater Walker holding in Nairn Williamson was not as surprising as it might have seemed. Derek Birkin, Tunnel's managing director for the past three years, has for some time been looking for diversifications away from concrete. And Birkin, 44, is an old Nairn man, who took a leading part in the reorganisation which followed the merger of Michael Nairn and James Williamson back in 1963.

It was not initially a happy merger, the group dipping into heavy losses (£701,000 and £589,000) in 1966 and 1967. In the reorganisation which followed under Willis Roxburgh (brought in from outside as group managing director) Birkin was switched, as a kind of trouble-shooter, around various divisions. He eventually finished up as chief executive of the floor covering division, producing 75 per cent. of group turnover, before moving to Tunnel where profits have gone from £2.3m. in 1971 to £5.1m. last year.

So if the acquisition of SW's strategic holding eventually leads to a merger—and Birkin wants eventually to proceed—the two sides at least know each other. In the meantime, in the light of to-day's interest rates, Birkin says there are plenty of attractions in liquidity. Ironically, while the City ponders the merits and methods of SW's current flurry of selling, it looks as though a similar attraction to old-fashioned cash prompted Slater to open up the way into Nairn.

Black humour

Derbyshire miners have entered the propaganda war against the Coal Board with a display advertisement in the Derbyshire Times. It is a sardonic effort, intended as a riposte to the Coal Board's campaign to publicise its pay offer, and lists some of the free perks which go with the miners' job.

These include, it says, ear muffs ("for excessive noise"), oilskins ("while working in water"), chest X-rays ("for monitoring pneumoconiosis"), and "death benefits if you die in service." The serious point of the ad is that, according to the miners, there are 600 vacancies for underground workers in North Derbyshire, but no vacancies on the surface because "these are usually reserved for injured and disabled underground workers."

The miners were evidently serious enough about making that point to spend £350 on the ad.

Giro transfer

With the Giro service evidently on the mend (the Minister of Posts, Sir John Eden, said in the summer that it was contributing £½m. a month to Post Office overheads) it is a timely moment for its senior director, Donald Wratten, to move on. He has had a tough five years of it. Although he says that he does not "think the management was ever under attack," he had to endure the 18 months' scrutiny to which Giro was subjected by the present Government in 1970-71. And there has been plenty of public criticism, as well as the losses (£6.4m. 1971-1972; £11.7m. 1972-73) to ride out.

In his new job, as senior director at the P.O.'s data processing service, Wratten, 48, will again be facing losses (£200,000 in 1973) and a similar staff situation (Giro employs around 3,000, DP 4,000). But he will have less of a public role, although he hopes to expand the National Data Processing Service, the department's commercial arm.

Wratten's successor, his deputy Alistair Hanton, has had a varied career starting at the Commonwealth Development Corporation and moving through ICFC, Unilever (where he rose to deputy head of banking and foreign exchange) and RTZ consultants. At Giro he has looked after finance and investment, which could be useful experience should Giro come to negotiate more flexible investment arrangements with the Treasury. But Hanton, 47, says the immediate priority is to "proceed carefully" to meet Government criteria on profitability, a difficult enough task on past evidence.

Cold comment

Oslo newspaper cartoon on Britain's current problems: "Now the British are allowed to strike only three days a week."

Observer

FINANCIAL TIMES SURVEY/ PART TWO

Europe

CONTENTS

Little New Year cheer in the economic outlook

By WILLIAM KEEGAN, Economics Correspondent

In the old days economists used to attempt to analyse what was going on. Then they found themselves drawn increasingly into the growth industry of predicting what was likely to happen. Because of the cyclical nature of the world economy it has usually been possible to make reasonable predictions about broad trends—such as that rapid growth would be followed by recession or stagnation, and vice-versa. But it is traditional for the most eminent of experts to emphasis the uncertainties attached to any particular set of forecasts.

This year uncertainty has hit the Western world with a vengeance. Last week Dr. Herbert Stein, chairman of the U.S. Council of Economic Advisers, conceded that in estimating the effects of the energy shortage on demand he was "operating in an area of almost total ignorance." Some time earlier a leading London investment expert had said that either the stock market was near the bottom or it was the end of Western capitalism as we know it—at which point the dive really got going.

We have become accustomed in Europe to think of the growth rate as being determined largely by changes in the productivity and size of the labour force, and have tended to take natural resources as given (they are usually depicted by a firm upstanding and reliable "N" in the textbook). Decades ago we dispensed with Say's Law—the assertion that "supply creates its own demand"; since World War II public economic policy in Western Europe has been preoccupied principally with applying Keynsian techniques of demand management, to ensure—or attempt to ensure—that demand kept up with supply.

Within this overall context there have of course been attempts at redistribution of income, and there have been many Governmental measures on the supply side. The contribution of government to growth is hotly debated, and there are many cynics who believe the main effect has been to slow it down. There is a widespread belief that Britain has had its own unique reasons for slow growth—a mixture which includes poor industrial relations, the end of Empire and sheer lethargy.

Contrasts overdone

But there are reasons for thinking that the contrasts between the U.K. economy and those of the rest of the European Economic Community have been overdone. *Pace* Herman Kahn, it was obvious even before the oil crisis that one could not extrapolate too far into the future, and that the underlying growth rates of France and Germany, for example, would be slower in the next 10 years than in the past 10 years. A country cannot go on running down its agricultural labour force for ever; nor, as the Germans have discovered, will the modern world tolerate an undervalued exchange rate indefinitely.

Thus before the oil crisis hit the EEC, there was a burgeoning feeling that somewhere between previous rates of growth and the apocalyptic predictions of the Club of Rome lay a secular reduction in Western economic growth rates.

But it so happens that this realisation coincided with what the Organisation for Economic Co-operation and Development described in mid-year as probably the strongest boom witnessed by the OECD area as a whole since the early 1950s. Between the second-half of 1972 and the first-half of this year real gross domestic product grew at an annual rate of some 7 per cent. in the U.K., 8 per cent. in Germany and 6 per cent. in France, according to OECD estimates. In Italy, owing to strikes in the early months of this year, the growth rate was only about 3 per cent., but the general feeling as recently as July was that the pace of expansion would continue strongly in the second-half of this year. Even between July-December and January-June, 1974, the growth rate for the European OECD countries was expected to be some 5½ per cent. per annum.

These are faster rates of expansion than can be afforded by normal productivity growth, and involve the taking up of spare plant and labour capacity. In the course of the first half of next year it was expected that most of the slack would be absorbed. The obvious problem then would be to move to a more normal rate of expansion without excess demand pressures. But the general expectation of a slowdown was widespread, and borne out by the Brussels Commission's surveys of businessmen's views on trends in order books and future output.

Slowing down

In the U.K. the growth of output was clearly slowing down before the oil crisis. If anything, the underlying rate in recent months has probably been somewhat below the 3½ per cent. per annum widely quoted. But there have been abundant signs of overheating, and of much too slow a growth rate in exports *net of imports* to put the balance of payments right.

There is a limit, and certainly a price, to other countries' willingness to finance a U.K. balance of payments deficit; even before the oil crisis it seemed likely that some deflationary action would be needed to deal with the resource imbalance and excess demand in the British economy. Meanwhile, inflationary pres*sures have been getting worse,* with retail prices rising at 10 per cent. per annum, and wholesale prices shooting up even faster. The coal situation was the final stage in the prelude to the disinflationary measures expected later to-day.

The German Government was more realistic than the British about the dangers of excess demand earlier this year, and introduced various "stability" measures which have damped down the domestic sector. As a result unemployment has been rising, and consumer demand has been very sluggish. The economic in*stitutes were forecasting a cut* in the rate of GDP growth from 6 per cent. to 3 per cent. between this year and next, even before the energy crisis; export orders, notwithstanding revaluations, were continuing to be very high, the inflation rate was slowing down (at 6.6 per cent. the rise in consumer prices was considerably smaller in the year to October than in France, Britain and Italy) and another large balance of payments surplus was protected for 1974.

The French boom has been less short-lived than the German one, and until recently was expected to continue well into 1974. But the trade balance was moving into deficit during the autumn and the rate of inflation—at an annual 12 per cent—well up to British standards. The latest in a series of anti-inflationary packages was announced earlier this month.

Before the oil crisis it seemed likely that the French and Italian economies would grow fairly rapidly during 1974, with year on year rates of around 5½ per cent. and 6 per cent. respectively being forecast as recently as last month. Italian output recovered sharply from the strikes earlier in the year, and although the October 1972 to October 1973 rise in consumer prices there was 11 per cent., the end-July freeze has had a dramatic effect in recent months. After allowing for some slowing down, the 1974 prospect was still reasonably buoyant until a few weeks ago for growth in Belgium, Holland and the Scandinavian countries.

Thus before the oil crisis there was the prospect of a general slowdown in EEC growth rates against a background of a high—many would say alarmingly so—rate of inflation.

Ivory tower

But now, in two fell swoops—higher oil prices and cuts in supply—we have moved into an economic world with a major new supply constraint: not just on productivity growth, but on a source of energy which had been cheap, plentiful and generally taken for granted.

Now it is all very well to sit in an ivory tower and calmly enunciate basic economic laws —prices of alternative energy supplies will also rise; there will be greater emphasis on exploration and substitution: market forces will eventually provide alternatives, and by speeding up the process the Arabs will have done us a good turn.

The substitution process will presumably occur, but it will take time. It is not a case of switching from the manufacture of writing paper to the manufacture of envelopes. The short-term effect of the Arab production cutbacks is bound to be severe on output and employment: this is why the German Government is now talking quite seriously of zero growth next year, and the French forecast of 5½ per cent. growth has been abandoned.

In the U.K. there has been an extraordinary political reluctance to talk about the stormclouds even when the downpour has started, but in the last week or so the message has got across. And although the U.K. may be less dependent on oil than the other leading EEC countries, any advantage on this score has been more than offset in the short-run by the industrial crises on other fronts. Even in the U.S., which is far less dependent on Middle East oil than Europe, it is reckoned that the oil crisis could knock up to 2 per cent. off GDP next year.

Experience with strikes suggests that production cuts can be quickly restored, and that although they may depress GDP for one quarter, they have little effect on longer term comparisons. But at the time of writing there is no sign that the Arabs are relenting, and meanwhile the effect of the shortages is to bid up even further the price of oil in the marginal markets—markets where what goes up does not necessarily come down. If inflationary pressures are not to get totally out of control, there is a need to damp down demand temporarily while supply is constrained. But even if oil production *is* eventually restored, the major medium-term problem of the price will remain.

Payments problems

The price rises have added enormously to the balance of payments problems of the main OECD countries, which, with the exception of the U.S. and Germany, were in any case expected to have a large collective deficit next year. Governments and central banks are pointing out that there is no alternative in the foreseeable future to the Western economies running a large balance of payments deficit with the Arab world. Nevertheless they are not all that confident that competitive exchange rate depreciation can be avoided in this difficult situation, and there is a lot of diplomatic work going on. All the evidence points to a gloomy start to the New Year for the European economy as a whole.

New fund is main priority

By ROY HODSON, Regions Editor

This week in Brussels, the Nine are expected to commit money for three years ahead from next January to bring the proposed regional fund into being even though the European concept as a whole is in a state of crisis. There is an underlying consensus of opinion among the member nations that a Community regional policy backed by the visible evidence of a monetary fund is essential equipment if the EEC is to work towards long-term objectives of increasing living standards and the quality of life for individuals.

Such basic reasoning makes the establishment of a regional policy and associated machinery a welcome and sensible step forward to pro-Marketeers. There is still a strong feeling that it is something that can be done, and should be done, in spite of the disruptions to normal living and orderly forward planning that are being caused by the Arab oil embargo.

Mr. George Thomson, the Commissioner for Regional Affairs in Brussels, lost no time when he took up his job this year in taking the Heads of State at their word (the European Summit of October 1972) that "high priority should be given to the aim of correcting in the Community the structural and regional imbalances which might effect the realisation of economic and monetary union." By May he had produced the first guidelines which were approved by the other Brussels commissioners without dissent.

He laid emphasis on the need for a big fund—hundreds of millions of pounds a year. His guidelines ridiculed application of the principle of *juste retour*, by which member nations would retrieve roughly what they paid in. The whole tenor of the Thomson scheme was, from the outset, the need for the Community to act in concert to give help where it was most needed and where it would be most effective.

Since then the going for Mr. Thomson has become tougher as the members have discussed criteria for regional help, as the question of the size of the fund itself has drifted perilously near to becoming a Community political football, as such matters as which areas should be regarded as central and which should be peripheral have become the subject of debate.

Now, however, as the end of the year draws near it is a reasonable summary of the progress made that the European regional policy and its associated fund can begin next January unless one or more of the member nations decide at the eleventh hour upon root and branch opposition for specific motives. The fund itself, it is now being suggested by the commissioners. might be pitched at about 2,250m. units of account over three years. A unit of account is worth 42p at the moment.

Smaller fund

Some countries would like to see a smaller fund. West Germany and Holland, for instance, expect to be net contributors and will want to be satisfied (a) that their fellow members appreciate what they are about to do for them, and (b) that the money is going to be managed well and used effectively. At the present time the Germans are none too sure that the fund should be sizeable at first even if they concede it should be allowed to develop during the three year period. And the Dutch have been sufficiently put out by their fellow community members' attitude towards their oil difficulties to indicate that they might turn awkward themselves on other Community matters including, presumably, the fledgling regional policy.

Ireland and Italy are both hopeful—insistent might not be a too strong a word for their attitudes — that they should benefit from the fund by rather higher proportions than Brussels thinks appropriate. The French are cool towards management of the fund in Brussels and embody in their arguments some distinctive thinking about the responsibility of nations to manage their own affairs.

Finally, Britain has, from the moment of taking up Market membership, set great store by the regional policy. The regional fund is one of the rare pieces of tangible evidence of Community benefits that the British Government can show to its public. As the year has gone on the figure of 25 per cent. of the fund has emerged in all the talking as a sort of *cut-off* point below which the British negotiators refuse to be pushed. The British political need is well recognised in Europe. But these various national attitudes do not leave much latitude for manipulating the fund one way or another in the early days.

By the end of 1974 Mr. Albert Borschette, who is Commissioner for Competition Policy in the Community, is expected to produce a more sophisticated system of classification of Europe's regions into degrees of need than the present rather rough and ready measurement of central and peripheral areas.

Meanwhile it will continue to be difficult to rank Britain's problem areas efficiently within the present system. For districts of ageing and declining industry, which Britain has in abundance, and areas suffering from industrial dereliction, cannot be classified easily by the various yardsticks put forward by the Community. That is why the expedient has been adopted of simply exempting for the time being from either classification the British regions where aid is most concentrated.

Recent survey

Mr. Christopher Chataway, Britain's Minister for Industrial Development, in a recent survey of the effectiveness of Britain's present schemes for industrial development, estimated that many of the country's assisted areas should be self-supporting by the end of the 1970s. At the time he was speaking, in the late summer, the British economic boom was succeeding to a degree at which some of the more prosperous assisted areas were considering whether or not it might be better for their image to transfer to unaided regional status at some unspecified point in the future.

More recent events have changed all that. Shortages and the prospect of some industrial recession if the world situation remains at a critical level suggest that regional aid is going to continue to be a vital component in Britain's economy for a long time to come. Similar reappraisals are being enacted in the other member nations of the Community. There is an appreciation that the crisis is going to underline the need for effective regional support throughout the Community quickly and for the proper development of a long-term European regional policy to maximise Europe's resources and therefore to save waste.

How will the money be used? It should be understood—but often is not, particularly by anxious regional interests — that by far the greater part of regional aid to be enjoyed by any member of the Nine will continue to come from the appropriate national Government. That will be the position for many a long year to come. Britain, for example, does not expect to receive more than between £30m. and £50m. a year even from a large Community regional fund in the early years.

The Brussels office will not be at all anxious to see the money disappear into the member States as a "top-up" to the normal regional aid programmes. The Community, while short on expertise to control big projects, will nevertheless be anxious that the money should be *seen* to be doing good. There is, after all, a certain public relations value for the Community concept in the dispensing of a large regional fund. So we might expect to find Brussels eager to use the slices of the fund allocated to the various members on projects which will make noticeable, even spectacular "set-pieces."

Roads programme

But for management reasons they will have to be projects which can be mainly directed by the member States themselves. One could foresee the present *autostrada* programme in the south of Italy being partially covered by the fund, with appropriate notice boards announcing the Brussels benevolence, while management of the actual roads programme continued much as before.

Cross-border projects to achieve greater Community harmony were mentioned in the original Thomson guidelines for regional policy and we can be sure that Brussels and the new Council of Ireland will be thinking hard to find a suitable venture to bring the two parts of Ireland into closer liaison. The Channel Tunnel could be a suitable project for the Community Fund.

But the British Government may have something else up its sleeve as a candidate for Brussels money. Much work has been done on feasibility studies for barraging certain of Britain's estuaries to create new industrial land, new water resources, and improved communications. Consideration of such schemes will come to the forefront of regional economic planning during the next decade. The Government is thought to be in favour of making a start by barraging the River Dee and thus strengthening the Merseyside / Deeside industrial sub-region. That is one scheme which might sensibly be put forward as worthy of Brussels money.

COMPETITION POLICY

Extending the rules

By A. H. HERMANN

Though most European countries have some sort of anti-trust legislation, only three legal systems have a really important effect on European industry. These are those of Britain, West Germany and the Community itself. During 1973 the first two resolved most of their policy problems. The Fair Trading Act was passed by the British Parliament and the revised Cartel Law has been finally adopted by the German Bundestag after a political haggle which lasted many years. By contrast, the EEC competition policy became in 1973 deeper entangled than ever before in its inherent contradictions.

Some of these difficulties are simply a product of age and change. The competition rules of the Community have been designed to prevent the replacement of the cancelled customs tariffs by privately agreed barriers to trade. Now, when the Common Market has been achieved, these rules are being bent to serve the protection of consumers and employees and for keeping European as well as overseas multinationals under control—while the aim of making Europe's industry competitive on the world market was never properly considered in connection with the aims of the EEC anti-trust policy.

The entire competition policy of the Community suffers from a gradual erosion of its basic assumption. Right from the start the EEC article of faith in "prosperity through competition" and a complete freedom of movement — of goods, services, capital and labour—was written into the Rome Treaty with the important reservation that it did not apply to agriculture and only partially to transport. As time went on, it transpired that this doctrine could not be reconciled with industrial development in areas suffering by high unemployment. It is argued, for example, that the development of the Italian South has been seriously held back by the free market system of the Community.

The powers to administer these competition rules have been entrusted to the Commission. Its multinational establishment, however, operates with the most rigid formalism and excruciating delays, quite out of keeping with a task of business regulation which would severely test even the informal, flexible and expeditious ways of the British Civil Service. Finally, the European competition rules also continue to suffer by the great vagueness of the Rome Treaty provisions. This could be turned to advantage by a consequent and single-minded judicial interpretation. Unfortunately, the European Court, while expanding the scope of the rules, has often also increased their uncertainty.

Of the two main competition rules of the Treaty of Rome, the first Article 85, prohibits cartels and other restrictive agreements and practices and declares them null and void; the Commission can exempt

Continued on next page

An eventful year for the CAP

By ROBIN REEVES

From the outset it was bound to be an eventful year in European agriculture. The accession of three new member states to the EEC and their adoption of the Common Agricultural Policy (CAP) system, if not its prices, automatically signalled one of the biggest shake-ups in world farm trade for many years; particularly since one of the countries concerned, Britain, was traditionally the world's largest commercial food import market.

Although Britain was granted a five year transition period to bring its farm prices up to the then higher levels ruling inside the original EEC, the Treaty of Accession laid down that Community preference must be introduced immediately. This was to be acheived by a system of border taxes or compensatory payments to bridge the gap between the supposedly lower British and high EEC price levels. In this way, French exports of grain to the U.K., for example, were to be granted a subsidy to compete in the British Market, while U.K. grain exports to the Six were subject to a levy of the same amount.

Hard negotiations took place over the size of these compensatory amounts and other details in the weeks immediately before the three new members formally acceded to the CAP on February 1. On the one side, Britain was trying to ensure that a balance was maintained between the interests of the British consumer faced with the end of the cheap food policy, and the interests of British agriculture, whose competitive position was in danger of being undermined if the compensatory payments were fixed too high. On the other side, the original Six plus Denmark and Ireland were also trying to squeeze the maximum advantage out of their preferential access to the British market.

The subsequent pattern of events has of course borne little relation to the scenario envisaged in these transition arrangements. Indeed, things could hardly have been more different. The reason has been the remarkable upsurge in world food prices to the point where some would argue that many of the guaranteed farm price levels maintained by the CAP no longer look unreasonably high. Certainly, it made the transition arrangements based on the belief that Britain's farm and food prices would have to be gradually stepped up to general Community level over five years look somewhat out of place.

The world market upsurge also defused many of the problems entry was expected to pose for overseas food suppliers left outside the EEC. Food simply became a seller's market.

More significant still, the U.S. severely damaged its case for improved access into the EEC for its grain and soyabeans, which it was planning to push very hard in the GATT trade talks, by curbing its soyabean exports to try to restrain domestic prices.

Beef prices

In Britain itself, there was a foretaste of things to come in the remarkable rise in beef prices which took place late last year and in early January, immediately before enlargement. Basically caused by a cyclical imbalance between world beef supplies and sharply growing demand, the prices upsurge was also accentuated by the decision of the original EEC members temporarily to lower their restrictions on beef imports. This had the effect of attracting U.K. beef supplies to the continent, and pushing U.K. prices close to full EEC level in a matter of weeks, rather than the five years originally envisaged.

A special Government inquiry into the reasons for the beef price rise ruled out the EEC from blame; even if this did not remove the suspicion in some quarters that, without impending EEC membership, the Government might have felt politically more able to curb beef exports to the Continent. Be that as it may, when the tariff regime of the original Community resumed its normal level in September, the transition arrangements came back into their own. In fact, because there was now more of a disincentive to export beef to the Continent than against British beef imports from "third countries," the U.K. beef market was even better supplied than it might have been.

But by and large, the effects on the unsatisfied appetite for beef were foreseen before the transition arrangements came into effect. What was more unexpected was that shortages and high prices would quickly spread to many other commodities covered by the CAP. In pigmeat, fears were originally expressed that large parts of the British bacon industry would suffer ruinous competition from imports following the almost immediate phasing out of the subsidy to curers—insisted on by other EEC members in the transition negotiations. In the event, the main competitor, Denmark, quickly found profitable outlets for its pigs in the original Six, and being no longer almost wholly dependent on the U.K. market, the Danes were content to push their bacon price up to record levels, maximising returns rather more than sales. It may have been expensive for the British housewife, but it was a considerable relief to the British bacon curing industry.

Much the same fears were expressed on behalf of the U.K. egg and poultry industry, which had been struggling to survive at below cost of production prices for almost two years. Subsidised imports of surplus eggs and poultry from the continent, it was argued, could well turn out to be the last straw for large sections of the British poultry industry. It should be added that continental producers were equally fearful of competition from Britain's more highly integrated poultry industry.

Cyclical shortage

In the event, adoption of CAP by the three new members turned out to coincide with the beginning of a cyclical shortage of eggs throughout much of Europe and beyond. Prices started to rise, aided in the case of poultry by the dearer red meat prices, since when they have never really looked back.

The most dramatic change of all, of course, has taken place in the cereals market. The transition arrangements were amended in January to take account of the rise in the world market caused by the massive Russian and Chinese purchases and the devaluation of the pound, floated the previous June. But these did not anticipate that subsequent climatic events would result in world market prices soaring substantially above the high guaranteed cereal levels of the original Community: forcing the EEC in August to introduce a levy on exports so as to prevent its own, as it happens, bumper harvests being drained away on to the higher priced world market.

The best thing that can be said for the transition arrangements in these circumstances is that they have kept U.K. cereals prices lower than they might have been. Had Britain been outside the Community it would have had to pay the export tax.

The initial effect of this general rise in farm and food prices was undoubtedly a sharp improvement in European farmers' incomes. It also made life far easier for countries outside the EEC whose trade with Britain faced penalties as a result of enlargement. But the whole of European and indeed world agriculture is now faced with sharply increasing costs, both as a result of high cereals feed costs and the effect of inflation and the energy crisis on other agricultural inputs.

Slightly less unpredictable than the course of European agricultural markets during 1973 has been the political debate. At the outset, Mr. Joseph Godber, the U.K. Minister of Agriculture called for a freeze on farm prices for the 1973-74 season, something which strengthened French suspicions that Britain was aiming to undermine the CAP. The compromise in this time-honoured annual battle, which eventually emerged on May 1 after the usual all-night marathon, allowed for a range of farm price increases undoubtedly larger than Mr. Godber would have liked.

But the battle turned mainly on what should be done about the complicated system of border taxes used to keep the CAP functioning in the face of increasingly unstable currency exchange rates. M. Jacques Chirac, the French Minister and the European Commission tried to insist that the price proposals should be used to dismantle some of these border taxes and so move towards restoring the unity of the market. But Herr Josef Ertl, the German Farm Minister, was adamant that his country's farmers should not be penalised for the upward float of the mark, and in the end he won his point. It is now generally accepted that international currency instability could be the undoing of the common farm policy rather than anything else. Certainly, it is making it increasingly difficult to maintain a common set of farm prices throughout the Community.

One thing Mr. Godber did win out of the 1973-74 farm price negotiations was a commitment to examine the CAP with a view to its reform and the Commission's proposals to this effect eventually emerged in November.

Compared with initial British aspirations for a big switch away from dependence on end prices towards other forms of support for EEC farmers, the proposals seemed disappointing. But among other things, they tackle two of the most sensitive areas of the CAP, by proposing a tax on surplus milk production and a freeze on soft wheat prices. They also aim to simplify some of the workings of the CAP. If adopted wholesale, M. Pierre Lardinois, the Commissioner responsible for agriculture expects saving of some £400m. a year in the cost of the policy by 1978. This compares with its forecast cost next year of £1,450m.

Moreover, British aspirations may have changed. When the EEC's farm and food prices looked ridiculously high by U.K. standards, it seemed reasonable to press for measures to support farmers in other ways less costly to the consumer. Now there is a case for arguing that since the world market has made EEC prices look reasonable, Britain could best concentrate on limiting the CAP to end-price support only rather than pressing direct support schemes which put up the total cost of the policy. British agriculture, thanks to its relative efficiency is better able to survive on end price support only than most other areas of European agriculture. As the recent negotiation of Community hill farming policy, called for by Britain to underwrite its own hill scheme, showed, when it comes to direct support other European agricultures have more candidates than Britain.

CONTINUED FROM PREVIOUS PAGE

COMPETITION POLICY

from prohibition agreements that have some redeeming merits. The second, Article 86, aims at restraining private monopolies and near-monopolies, not by abolishing them, but merely by prohibiting the abuse of dominant position.

Operating very much under the influence of the West German example the Commission was relatively successful in eliminating restrictive agreements and price fixing as well as the "cementation" of national markets by means of international cartels. It has done nearly nothing so far to regulate the activities of large monopolies and oligopolies. Very much like Britain and West Germany until recently, the Commission has been hard on cartels and soft on monopolies.

The EEC Treaty contains nothing to empower the Commission to proceed against mergers. This is fully in accord with one of the principal aims of the Community's industrial policy, which has been to create industrial and commercial units of a size capable of competing worldwide with the American and Japanese giants. France has been actively promoting industrial concentration at home, and in Germany it did not require any promotion. The absence of any powers to order deconcentration is also understandable in view of the German and Dutch economies.

Stretched aim

On the other hand the Commission was given in Article 86, powers to regulate the behaviour of dominant enterprises. It has been shy to use them perhaps for fear that, once developed, this weapon could be used, indiscriminately against all sectors of industry. Instead it stretched the aim of Article 86 in an attempt to use it not to regulate existing monopolies but to prevent such mergers which, in its opinion, do not promote the competitiveness of European industry on the world market.

The Commission's interpretation of Article 86—that it gave the power to stop mergers which increase market domination — has been confirmed by the judgment of the European Court in the case of Continental Can in February, 1973. Unfortunately this judgment not only affronted both common law and Continental tradition of judicial interpretation but, in addition, left it quite uncertain how EEC merger control should operate. As a result, a regulation of this matter by the Council became a necessity, given that some order had to be brought into this field. The Commission quickly submitted a draft regulation on mergers and other concentrations to the Council of Ministers and is now pressing for its approval in the face of considerable opposition in the member States.

The controversy surrounding this draft regulation is not caused so much by its aims as by the practical difficulties of applying it. It is feared that in its present form it could cause a major disruption in European industrial development, at a time when this is threatened from many other sides as well. The Commission seeks powers to stop not only mergers but also such concentrations of economic power which are achieved merely by the conclusion of supply deals involving larger than usual quantities or a longer than usual period of time.

Prior notifications would be required in the case of very large mergers but even medium-size enterprises would have to notify for practical reasons. Without obtaining the Commission's blessing first, they could be asked to unscramble later, after they had implemented their agreements. The Commission could kill any notifiable merger or concentration by doing nothing—as none of the time limits set for its decision is really binding. These time limits can be extended indefinitely by the Commission declaring that the information which it received is insufficient.

The problem of mergers and monopoly control has been a spectacular feature of anti-trust activities not only in the Community. In Britain the adoption of the Fair Trading Act as well as the Hoffman-La Roche case marked the new determination of the Government in dealing with monopolies. In Germany the Cartel Office is in the process of testing its new powers under the revised Cartel Law.

The establishment of clear boundaries between the anti-trust jurisdiction of national authorities and those of the Common Market has been another topical problem of the European anti-trust law in 1973 and is likely to continue to be so in 1974.

The question whether national courts retain jurisdiction over the application of Community competition rules after the Commission has initiated proceedings is now been tested in the Belgian TV case before the European Court. This problem, of practical importance particularly in cases of patent and trade mark infringements, has been reopened by the second decision of the European Court in the case of Brasserie de Hoecht, a decision which seems also to have put an end to the doctrine of provisional validity of notified agreements, previously established by the Court.

First attempt

Finally, the Commission has recently made its first attempt to extend the application of the EEC competition rules to exports from the Community. It claims, in the Commercial Solvents case now pending before the European Court, that it has powers to protect Community exports against abuse of market domination. The Commission argues in this particular case that such abuse of a dominant position could break a company dependent on exporting from the Community and thus eliminate it as a competitor within the Common Market to which it supplies 10 per cent. of its output.

In 1974, each of the three principal organs of the Communities is likely to be kept busy by anti-trust problems. The Court by the question of jurisdiction in the first place; the Council by the merger directive and the Commission by the flood of British notifications and by its attempt to control the Japanese agreements on self-restraint of exports. These were concluded at the request of European countries, which are prevented by GATT from imposing import quotas for protection of their industries against the cheaper Japanese products, and when the Competition Department now attacks these agreements it reveals yet another disharmony within the EEC—namely, that between its competition and its trade policies.

INDUSTRY AND TECHNOLOGY EUROPE X

Progress has been disappointingly slow

By GEOFFREY OWEN

Before the U.K.'s entry into the Common Market, the industrial implications of membership were generally expected to be twofold. One was that the opening-up of Continental markets through tariff reductions would create new opportunities for British exporters, encourage investment to secure economies of scale, and lead to the emergence of more British companies which were genuinely competitive in world markets. The other was that the existence of a large unified market, together with the efforts of national Governments and of the Commission in Brussels, would promote "European" solutions to industrial problems that were common to all member countries, particularly in the fields of high technology.

The first of these expectations has been partially fulfilled. When due allowance has been made for the cynicism and self-denigration that bedevil British attitudes to the achievements of British industry, there is no doubt that a large number of U.K. companies are taking advantage of the EEC's opportunities; the process has to go much further if the full benefits of membership are to be realised, but a start has been made. By contrast, the "European" approach to industry and technology has barely got off the ground.

In each of the three high-technology industries which seemed to be obvious candidates for the European approach, progress has been disappointingly slow.

Nuclear power

That Europe would increasingly have to rely on nuclear power was apparent well before the present oil crisis. It was also apparent that European producers of nuclear reactors were a long way behind their American counterparts in experience and in technology. Trans-national co-operation between the manufacturers and their customers (the electric utilities) would, it was hoped, create the basis for a European effort in nuclear power.

Yet in practice Europe's efforts in this field have continued on largely nationalistic lines. The French, the Germans and the British have all been too preoccupied with strengthening their own nuclear industries to devote much effort to European co-operation. It is possible that the latest shift in British policy—the CEGB's desire to switch from the British AGR reactor to the proven American light water reactors—could facilitate an alliance with the French, but this—if it ever happened—would be an accedental consequence of a purely national decision.

As if to reinforce the disarray among the major European industrial powers, the argument over uranium enrichment provides a further illustration. Unless diplomatic moves at the highest level can bring about a last-minute compromise, the likelihood is that the two rival enrichment projects — the French diffusion plant and the Anglo-Dutch-German centrifuge —will both go ahead, with the attendant risk of over-capacity and serious financial losses in the early 1980s.

The inference seems to be that, in high-technology industries that are thought to be of strategic importance, governments are not yet prepared to subordinate their national self-interest to the wider interest of Europe. In aerospace, for example, Government Ministers in several countries have often professed their commitment to a European solution for the industry's problems. To a degree this has manifested itself in the large number of co-operative projects that are under way. But there is no pattern to this co-operation, and no permanence about the alliances which they involve.

On the airframe side, it is just possible that the Airbus project could eventually command wider European support and provide the basis for a European family of airliners which would unite the bulk of the industry. But a good deal of pride will have to be swallowed by Governments and by companies before this could happen. There is a danger that, as in nuclear power, the domestic problems of the two main industries (should Hawker Siddeley merge with British Aircraft Corporation? What is the future of Dassault?) will take precedence over wider European considerations.

The only glimmer of light in the three most important high-technology industries comes from computers. The fact that the Germans, French and Dutch have pooled their fledgling "national" companies into a jointly owned enterprise must be regarded as a hopeful step. As the participants fully realise, it will be a very long time before Unidata, as the new company is called, can hope to rival IBM. At this stage the crucial task is to ensure that the company has a strong, unified management whose freedom to take commercial decisions is not inhibited by national considerations. Whether or not ICL eventually decides to join the group—and such a decision does not seem imminent — the success or failure of Unidata will be profoundly significant, not just for the computer industry, but for the future of European co-operation in other high-technology industries.

Patient lobbying

At this stage, nevertheless, the EEC's efforts to find solution's to the problems of Europe's high-technology industries can only be regarded as a failure—indeed, American competition in these fields, aided by the devaluation of the dollar, is stronger than ever before. It is hard to see any early change in this situation. Within the Brussels Commission the departments responsible for industrial policy have studied the problems in detail and have suggested ways of putting them right. But the Commission has no powers to impose its solutions on the member states. Unlike national Governments, the Commission in the industrial field has no funds to administer and no mandate to intervene directly in the structure of industry. The best it can hope for is to exert an influence — through patient lobbying in the member countries—in favour of the European solutions which it favours.

The Commission cannot create the political will which is the necessary pre-condition for an effective industrial policy. Regional policy, by contrast, is a matter which arouses the keen interest of member Governments. Most of them see the proposed regional aid scheme as offering a solution to some pressing domestic problems. There will be much argument over the size of the programr and the criteria for assistan but there is enough momentu behind it to ensure that sor positive results emerge. T same momentum is notab lacking on industrial policy.

Europe, it seems, is not y ready for the active industr policy which was envisaged the Paris Summit in Octob 1972. Yet the problems whi industrial policy was designed tackle are real. There a serious weaknesses in Europ high technology industries. Mc of the companies are too depe dent on a relatively sm national market and have i adequate resources to compe internationally. They survi only through the protecti afforded by their governmen both through direct subsidi and by reserving public co tracts for national suppliers.

Technical barriers

It is this continuing prote tionism, directly contrary to tl Treaty of Rome, which must l removed if the hoped-for "co mon industrial base" is to l achieved. Progress here h been slow, but the Commissi is still sticking to January 1978, as the final target date f the abolition of all technic barriers to trade. It is th aspect of industrial poli which needs to be given hi priority in the coming year. Tl opening up of national market allied to the Commission's su cessful programme to elimina anti-competitive practices, m prove to be a more effective w of promoting "European" sol tions to industrial problems tha intervention imposed fro above. It will also create a economic climate in whic governments and companies ma be more willing to listen to th Commission's suggestions.

COMPANY LAW

Delays in reform programme

By COLIN JONES

The ambitious programme of company law harmonisation on which the Six had embarked before Britain, Eire, and Denmark joined the Community has now virtually ground to a halt. It has been generally recognised, both in Brussels and elsewhere, that a good deal more thinking will have to be done about how to align national company laws in a Community of Nine. At the same time the other prong of the Commission's dual approach—the move to create a European Company Statute—has also lost impetus.

This might seem surprising within a year of the Paris summit calling for the Statute's "rapid adoption." The attraction of the Eurocompany concept lay in the possibilities it appeared to offer a way of cutting a path through the fiscal and legal thickets impeding cross-frontier mergers. Companies operating in two or more Member countries would be able to join forces by setting up a joint company registered under Community—or supranational law—at the European Court in Luxembourg.

Bigger surprise

But the bigger surprise was that the Summit should have made such a specific public commitment when the Commission's draft Statute was already clear by arousing considerable controversy even among the Six themselves. The Commission had spoilt an otherwise worthwhile idea by being altogether too ambitious. It had loaded its draft with virtually every major reform in the company law field which it and its mostly German advisors had set their hearts on.

The higher standards of company disclosure laid down in the Eurocompany Statute would probably have been accepted. So, too, probably would hav been the idea of two-tier con pany boards. After all, th Eurocompany route was mea to be an option which Con munity companies would b entirely free to use or not.

But the Commission had al set its sights on workers' partic pation—a share of the seats c the top-tier or supervisor board—and on a system of cor pulsory joint works council This was put into the dra Eurocompany Statute in Jur 1970, more than two yea before the Commission propos similar changes in domest company laws in its fifth dra directive on national compar law harmonisation.

It is not only in Britain th these proposals have bee regarded with a good deal suspicion or even hostilit Opinion in France, Belgiu Holland, Italy, and even in We

Continued on next page

Jrgent need to formulate a common approach

ADRIAN HAMILTON

w is hardly the best time scuss the achievements of pean energy policy. The of Arab oil cut-backs and rgoes, and the long-term cations for prices and sup- that current events have d, have certainly presented pe with its first major test mmon approach on energy. the most optimistic ob- r would suggest that pe has met it with any real smanship.

stead of unity, preparation deas, all that seems to have n up so far is disunity, s and a paucity of any ed approach to tackle the lems. Ministers of the Comi- ity have met time and again iscuss the diplomatic, econ- and financial consequences e situation in recent weeks. he surface at least, all they to have achieved is mpromise agreement over week-end that members ld control consumption on ncerted basis. They may take decisions on a common gy policy by the end of ruary.

nd yet, as the short-term is becomes longer and er term both in its present se and future conse- nces, the signs are that the d of the Governments of ope is beginning to change harden. The double threat rices and supplies raised by current crisis is too common it not to do so.

Dusted off

Previous policies worked out the EEC Commission are ng taken down from the lves and dusted off for re- mination. Discussions about mon approaches towards de relations with the Arab rld, new systems for payment oil and new policies to speed the development of alterna- e fuels are all taking place h a new sense of urgency.

The sudden crisis of the last few months may have cracked the fragile vessel of European unity on energy policy but, over the longer term, it may well prove the forcing ground of a decisive intervention by governments into the fuel market in a sense that would have been impossible without the crisis.

The immediate problem of the Community is simply that the Middle East war and all that followed it caught governments seriously off balance. Not that there has been any lack of forewarnings of what was to come. Ever since the price negotiations between the oil industry and the producing states of OPEC in Tehran and Tripoli nearly three years ago, it has been clear that the balance of power in oil trade had shifted fundamentally from a buyer's to a seller's market, in which the Middle East producers held most of the cards. The consequences of allowing coal to decline rapidly throughout Europe, of increasing dependence on imports from a small and volatile area of the world and of failing to implement real progress in developing nuclear power—all these were pointed out, and publicly accepted, by the European states.

Nor can it be said that there has been no effort to produce common energy policies in Europe over the last two decades. The shelves of the EEC Commission are thick with successive attempts to get initiatives going to produce common policies towards the oil market, relations with the Arab producers, the development of a European nuclear industry and technology, the re-assessment of coal, and the rapid development of indigenous fuels.

That these attempts at producing co-operative initiatives were not more successful was partly due to the wide differences in the approach of individual countries to the problem and partly to the market conditions prevailing at the time. Countries such as Holland with international major oil companies headquartered in their midst had very different attitudes towards state oil policies from countries such as Italy and France with still youthful national oil companies of their own. Nations such as Germany, with a generally laissez faire policy on competition in the market place found themselves diametrically opposed to the ideas of France with its dirigiste policy towards the market and its continued attempts to enshrine its special relationship with Algeria in Common Market Policy.

Falling prices

At the same time, the decade following the creation of a Commission to head up energy in the Market was also a time of falling prices, surplus supplies and unequalled economic growth. The Commission's ideas of co-ordinated policies on energy never seemed urgent enough because their benefits were far from obvious in direct economic terms. As long as fuels were cheap and easily available, ideas of special relationships with the producers, the expenditure of large sums of money on nuclear technology and the shoring-up of a declining indigenous coal industry appeared unnecessary and costly.

With the recognition of the problems developing on the oil front with the Tehran and Tripoli price negotiations of 1971, some urgency entered the scene again and agreements were made on the questions of oil stocks, coal and, to a more limited extent, on the development of nuclear technology. But the enlargement of the Community with the entry of Britain, Denmark and Ireland also pointed up some of the existing differences of approach between the members and barely had a start been made on resolving these earlier this year when the troubles in the Middle East broke out.

The current crisis has in turn confused the issue, with the specific Arab embargoes on Holland and the association of oil with the more tricky problems of diplomacy and international politics. While some, such as the U.K. and France, have argued against any move which might smack of confrontation with the Arabs, others such as Germany and Italy have asserted equally the duty and fundamental obligation of the Community to stand together and share out—a conflict which has so far been papered over with a decision to avoid open sharing arrangements but to accept instead a degree of sharing out of oil by the individual oil companies.

Nuclear industry

Yet it would probably be wrong to deduce from the EEC discussions on oil that the crisis was wrecking any hopes for a development of a strong European energy policy. Just the opposite may well prove to be the case. Whatever the short-term difficulties, the long-term implications of recent developments on the future availability of oil and its price are too overwhelming for Europe to fail to meet the challenge.

One obvious course is the strengthening of policies towards ensuring a renaissance of coal production and the more urgent creation of a European nuclear industry. How far these initiatives can help in the immediate future is doubtful. But finance can certainly do much to aid the rapidly declining coal industries of Europe and, while the current generation of European nuclear development could well be bogged down too far in the national competition over types of reactor and the uranium enrichment issue, there remain opportunities for more co-ordination of effort even on these fronts, while there is considerable scope for speeding up research and developing the next generation of nuclear power stations in the form of the self-breeder reactor. So too is there scope for research and implementation of ways in which energy could be conserved and used more efficiently.

But the central, and most problematic, question remains that of future oil policy. The obvious conclusion from current events is that the balance of power has shifted permanently to the Middle East producers, that the oil industry itself can no longer form an effective buffer between the consumer and producer and that Governments will have to intervene directly if they are to ensure the stability of supply and cost which has been so long the central aim of their individual policies.

How this is to be achieved is another different question. For some Governments, such as France, the obvious answer is in bilateral deals and State-to-State negotiations. For others, like the U.K., this course is not quite so obviously effective. The fact remains that Europe, for all its strengths, remains relatively weak in any competition for available supplies. It does not have the economic and currency strengths, nor has it the technology, that the U.S. and Japan can offer, while politically it is likely to remain always—as the French have found—a man in the middle, capable of taking advantage of circumstances when the opportunity arises but with limitations on its long-term strengths.

In these terms, the policy may be less inward-looking and more interested in consumer co-operation with other major oil importing blocks than some, such as France and Italy, may wish. But in terms of policy towards the market place, the governments of Europe and the EEC itself are bound to become more interventionist, trying (as the Commission has so long urged) to tie oil into more general trade and financial deals with the producers, making the oil companies more accountable to governments and controlling their investments more directly. Whether this policy will necessarily become more national oil-company orientated or not remains open to debate.

But, if the current crisis has shown anything, it has been the urgent need for co-operative action by the European Governments. If it does not actually destroy that unity in the process, it would be surprising indeed if it did not lead to just that co-ordinated end.

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COMPANY LAW

ermany has also been sharply vided. The Commission pears to be ready to consider y number of modifications or en a radical revision of its oposals. But on worker rticipation it holds firmly to chosen ground. Whether or t worker directors will help put a "human face" on the mmunity—and that particular gument is highly debatable it is certainly true that the nn and the German trade ions would not willingly untenance any concession.

It is likely to be at least other year before the threads discussion on the Euro- mpany concept are taken up ain. But not even that can said at this stage about the rk on harmonisation of mestic legal regimes. Before largement, the Commission d envisaged a long-term ogramme of piecemeal align- ent. Five draft directives had en prepared, each covering a fferent aspect.

The first directive, laying wn certain common safe- ards for shareholders and ird parties—access to infor- ation and the validity of mmitments made both before d after a company's incorpora- on—had been adopted in 1968 t was incorporated into s.9 of e U.K.'s European Community ct, 1972).

The other four dealt with e formation of companies, d the maintenance and alter- ion of share capital; mergers; counts and disclosure require- ents; and the administration d structure of companies, cluding the structure of com- any Boards. They had nerged between March 1970 d September 1972 and, by the ginning of this year, had ached various stages of the ommunity's lengthy legislative rocess prior to coming before e Ministerial Council.

Because these draft directives ere intended to bring the ational laws of the Six into oser alignment, it was only atural that they should reflect e traditions and aspirations of ese countries. It is equally bvious that the accession of vo countries—Britain and Eire —with a somewhat different adition of law and practice hould pose difficulties.

Quite fundamental

In at least two respects these ifferences are quite fundamen- al. On the Continent, in- dustrial companies tend to look the banks as the primary ource for new capital funds, nd these moneys are raised as ong-term loans rather than as hare capital or equity, which n many countries, particularly France, tends even in quite arge companies to remain in family hands. The new issue and stock markets thus have a somewhat less important role than in Britain, and disclosure requirements tend to be somewhat less austere. On the other hand, Continental company law tends to have a somewhat more zealous regard for creditors' rights.

Secondly, both Britain and Eire have a long tradition of supplementing statute law with a complex system of extra-statutory self-regulation and discipline—imposed, in this area, by the accountancy bodies, the Stock Exchange, and more recently the Take-Over Panel.

Regulatory system

This system has come in for criticism lately on the score of efficacy but it at least enables the regulatory system as a whole to respond fairly quickly to changing conditions and to accommodate experimentation and innovation without waiting for the normal Parliamentary processes to grind into action. It is, however, a tradition that is not widely used or even until recently very much appreciated on the Continent and it certainly has no recognised place in the Treaty of Rome.

The differences between Continental and Anglo-Saxon traditions are apparent throughout the Commission's draft directives as well as in the Euro-company Statute. Many of them are not insurmountable but there are also differences in approach to accounting principles and the way in which they are formulated, in the attitudes to mergers, bearer shares, and the respective rights of shareholders and creditors, and in the distinction made between public and private companies, and some of these may not be so easy to reconcile.

Because of this the U.K. Government suggested earlier this year that, instead of trying to achieve complete alignment, the Community should concentrate on harmonising those elements—as yet undefined—which would be generally regarded as essential to a common system of company law.

This may obviously appeal to those who dislike the supranational element which was implicit in the Commission's detailed approach. But it also raises another question.

The object of harmonisation is to put all Community companies on the same legal footing and thus eliminate barriers which distort or prevent full Community-wide competition. But how significant in practice is that distortion? Just how significant an impediment to parity of competitive opportunity are differences in company law, or even in disclosure requirements? How minimal might the essential features of a common legal framework be in practice?

BANKING

Growing co-operation

By MICHAEL BLANDEN

Banking and finance is one of the areas of commercial activity where the enlargement of the European Community this year has had some of the most profound implications for the future development and character of the EEC. It has brought into the Community one of the world's leading international financial centres, the City of London, with a claim to play a major part in the development of European capital markets but with methods of operation and attitudes towards regulation which are radically different from those of many Continental centres. At the same time, while this contrast is of central importance for the current development of Community activity, the general trends of change in banking, both on the Continent and in London, have if anything been accelerated by the accession of the new members of the EEC.

There are, it is true, reservations in sections of the City over some of the trends discernible in the pattern of finance and banking. In general, though, events of the past few years suggest that the pattern of development is similar in all the major centres including London. Among the main elements in the changing structure of banking, as picked out in a recent speech by Mr. Robin Hutton, the director of banking, insurance and financial institutions at the Brussels Commission, are the related trends towards concentration, co-operation between banking institutions, and the diversification of banking operations.

Similar pressures in all countries are tending to lead to the same conclusions. They include both on a national and an international scale, the growing need for banks to be able to meet the demands of their industrial and commercial customers both for an increasing absolute size of financing requirements and for a growing diversity of services. The forms taken by reactions to these pressures have varied among different types of banks in different countries. But the result, whether achieved through merger and diversification by a single group or by building up closer and more effective co-operative arrangements, has similar effects on the service being offered by the banks.

List of mergers

Concentration in banking is a trend which has been evident in most countries of the EEC, with a long list of mergers and amalgamations. In the U.K., the big bank mergers which created the present structure took place some time back now; but the process has continued with mergers aimed both to establish greater size and strength for the institutions concerned and to fit in with the trend towards the diversification of bank services.

On the first count, the abortive attempt to bring Hill Samuel together with the Slater Walker Securities group was founded on the belief, of which the Hill Samuel chairman Sir Kenneth Keith has long been an advocate, that greater absolute size is necessary for a bank to continue to provide an adequate service to its big customers as well as on the aim of moving closer to the French *banque d'affaires* pattern of closer involvement with industrial customers. On the second, the Midland Bank takeover of Montagu Trust has provided the first example, made possible by the relaxation of the Bank of England rules, of a clearing bank moving directly into merchant banking by buying one of the top-flight accepting houses.

The growing co-operation between banks in different countries has formed a part of the rapidly increasing emphasis on international operations in banking. Every self-respecting bank of top rank virtually has now to be able to claim to offer a full international service to its customers, while the smaller banks and even some of those not strictly in the commercial banking business—for example, some of the Continental co-operative banks—have started to move in the same direction. The trend is exemplified most obviously by the continued growth of the consortium movement in international banking, parti larly in London, but is a reflected in the continued im tance of the ad hoc and t porary arrangements reac among banks for partic financing deals as well as of more traditional kind of cor pondent relationships.

The past year's events h given the movement towa internationalisation of bank a particularly European sl One of the immediate ref tions of the extension of Community has been the m of a number of Contine banks, including German ba such as the Deutsche and Commerzbank, to set up re sentation in London and establishment of new links s as the tie-up between S. Warburg and the Paribas gro

It has also given r emphasis to the specific European consortium and ot groupings. These include p ticularly the Europartn group of Crédit Lyonnais, C merzbank and Banco di Ro the Société Financière E péenne relationship and EBIC partnership, the last which has taken a further im tant step in international operation with the establishm of a joint London-based in national merchant bank operation.

The diversification of bank activities is also a trend wh appears to be common in m European countries. In so

Continued on next page

INSURANCE

Narrowing the gaps

By ERIC SHORT

Britain's entry into the EEC has focused a great deal of attention on the gaps between the nature of insurance operations in Britain and those in Continental countries.

Only Germany, and to a lesser extent France, has an insurance industry approaching Britain's in importance. The figures for life assurance are quite revealing, and it is a pity that figures for 1972 are not yet available for Continental countries, since that year was one of expansion in the U.K.

A closer look at the methods of running of the insurance industry highlights the differences in practice betwen here and various Continental countries. First, for non-life business, fire and accident offer similar types of contract as in the U.K. Marine and aviation insurance, because of the world-wide nature of the business, is difficult to compare, but is run on similar lines.

Motor insurance, however, on the Continent offers contracts where the cover tends to be less comprehensive than ours. One reason for this is the very high rate of premium charged for fully comprehensive cover. Motor insurance in the U.K. is still cheaper than on the Continent, a fact still often overlooked.

In the day-to-day running of non-life insurance there is one immediate difference. This is the practice in Continental countries to codify in the policy document full details of all the risks covered by that policy and to spell out in detail the exact position. Here, the legal principle of utmost good faith between insurers and insured is paramount.

This results in very lengthy policy documents for Continental insurers. The policy form has to be approved by governments, hence the contracts tend to be much more rigid. The degree of control varies from country to country, but it is very strong in France, Germany and Italy.

Premium rates

Then there are the decisions regarding the premium rates to charge. Again in certain countries these require at least government approval. This results in a more or less uniform rate for the same risk—in effect a government tariff rate. This control is much stricter in France, Germany and Italy, with more relaxed conditions in Belgium and Holland.

However, certain controls are creeping into the U.K. in respect of premium rates. Increases in premium rates for motor business have recently been referred to the Price Commission. The composite offices concerned did not get approval for the increases asked for and had to accept lower amounts. A similar situation exists in Belgium and Holland.

In deciding on the level of technical reserves to be held, again it is found that in Continental insurance this is laid down by law. The legislation sets out the formulae by which these reserves are calculated. In some countries, additional deposits on some or all branches of non-life insurance are levied.

Our Insurance Companies Amendments Act 1973 is introducing some form of control over the level of technical reserves, though not necessarily governmental control.

Finally, in the investment of funds, the government is usually prominent in directing the strategy. This takes the form of prescribing the type of security for the reserves to be held in and setting limits on the holdings of various types of security, often minimum limits for government and municipal investments and maximum for equities and property.

This contrasts markedly with the investment freedom allowed to U.K. insurers. This aspect of the running of the industry probably provides the greatest contrast between here and the Continent.

Closely linked

Payment of claims in Continental insurance is closely linked to the risks codified in the policy document. In the U.K. the good faith principle mentioned earlier is the guiding light. One result is that in Continental insurance, a higher proportion of claims is settled in the law courts compared with the U.K. This is especially so in motor business, where the ratio in France is about one in four claims taken to court, compared with about one in 20 in the U.K.

Then there is the practice in Continental insurance of paying taxes on most insurance premiums. This applies to all other members of the EEC, except the U.K. and Ireland. The rates at present vary from country to country, being as high as 30 per cent. in France for non-industrial fire business.

There is a directive from the Insurance Commission in Brussels that sets out to harmonise the premium tax rate at 7 per cent., with certain exceptions. Premium taxes are unknown in the U.K. and British insurers are united in their determination that things will stay that way. This is the thorniest problem in harmonisation.

Turning to life assurance, we find a similar pattern of strict government control in many countries. First, let us compare the types of life assurance business done on the Continent.

The past few years have seen a tremendous growth in the U.K. of unit-linked contracts, which now account for over one-third of all new life assurance business. Except for Holland, nothing like this has happened in Continental life assurance, where the amount of linked business done is extremely small.

Even the traditional business differs from that in the U.K. All Continental business shares in the profits, there is no split between with and without profits as in the U.K. Annuity business in Continental life assurance consists mainly of the traditional, immediate annuity type. Guaranteed income bonds and such allied business is not written.

Because of the dominant role the State plays in the provision of pensions on the Continent, far more than that in the U.K., the amount of pension business written is very much smaller. It tends to be of the "extra-benefit" type of business, more like the "top-hat" type of contract seen in the U.K. In Holland, the nearest in style to the U.K. pattern of life assurance, a considerable amount of group pension business is done, an exception among EEC countries.

As with non-life, the premium rates for life assurance have to be approved by the government, Holland excepted. This means that companies have much the same premiums for each type of business. Surrender values are on a guaranted scale laid down by law. Since 1967 approval for premium rates for life assurance companies commencing business after that date has to be obtained in the U.K.

There is very much less actuarial control and judgment seen in the running of Continental life assurance—in complete contrast to the U.K. Here the actuary has a very important part to play in the running of life assurance. Nowhere is this more evident than in the valuation basis, where on the Continent it is laid down by statute.

Investment policy, as with non-life, is strictly government-controlled, the exception again being Holland. There are prescribed minimum amounts that have to be held in governm and municipal securities a ceilings laid down for equ and property investment. T premium tax on life assuran is much smaller than that non-life premiums and stands be completely abolished und the harmonisation directive.

Although the U.K. insura industry operates with consi able freedom, the Departm of Trade and Industry has w and considerable powers of c trol, reinforced by the Ins ance Companies Amendm Act, 1973. The differences operation between the U.K. Continental countries are slo narrowing, a big factor in accord being reached in harmonisation proposals.

Nevertheless, the freedom the U.K. insurance industry resulted in an outward-looki world-wide approach, compa with a parochial inbred a tude of Continental insura In the U.K., some 60 per c of non-life premium inc comes from overseas, compa with 5-10 per tal insura

Thus it s complete su tinental insu isation propo much more operations, wh governmental c pattern of Euro is certainly going the next decade.

'onflicting policy objectives

F. CHOWN, Taxation Correspondent

most significant news on nisation was a recent release stating that the Commission had reached ent on recommending putation system as a basis rmonising the taxation of nies and their sharehold- his, however, has yet to he stage of even a formal nendation to the Council nisters. The practice of ny taxation in Europe best be described as . With VAT, the subject article, we have reached kably quickly the first of harmonisation in that e Member Countries, even ing Italy, are now operat- system of value added taxation along the same general lines.

It is essential to appreciate that harmonisation need not, and indeed should not, mean standardisation. We have to deal with two conflicting objectives of policy. On the one hand, the European Economic Community is conceived of as more than just a Customs Union but as an area in which there will be no barriers to the free movement of capital, of people and of enterprise. To achieve this, it is necessary, but by no means sufficient, to abolish such direct restraints as tariffs and quotas *on the movement of goods;* and the abolition of work permits and exchange controls affecting the *movement* of men and money.

There are two further requirements. First, various forms of non-tariff barriers must be removed. One country should not be allowed to keep out the products of another simply by insisting on arbitrary standards (theoretically for health or other public policy reasons) but designed in practice exactly to fit the local product but not their foreign competitors. A country must have regulations prescribing the minimum qualifications needed to practise medicine. It is discriminatory to insist that only *local* examinations are recognised. Simply to provide *for the mutual recognition of* qualifications would, in principle, permit the Community to be overrun by doctors qualifying in whichever country has the least adequate standards, and some degree of harmonisation is necessary. Domestic restrictions on the investment policies of insurance companies and other institutional investors can restrict capital movements as effectively as formal exchange controls.

Second, we need a measure of tax harmonisation. If, as a result of differences in tax systems and imperfections the arrangements for relieving double taxation, a German investing in France pays more tax in total than a German investing in Germany or a Frenchman investing in France, there will be a discrimination which is contrary to the aims of the Community. There is then a possible conflict with another aspect of policy. If all Community countries were to adopt the same tax system at the same tax rates, this would strip individual national Governments of most of their economic freedom of action. They could no longer use taxation as an internal economic weapon. They could no longer determine in what proportion the national product should be divided between individual and personally-decided expenditures on the one hand and centralised *politician and* bureaucrat-decided expenditures on the other. Considering that there is also pressure (which sensible men are fortunately resisting) to remove the weapon of monetary policy by pursuing a political slogan of a unified currency, this would leave national Governments powerless.

There is of course no objection in principle to stripping nine national Governments of their power and *replacing this* power with the power of a *single federal Government.* There is no magic in the U.K., *rather than* Scotland, *Yorkshire* or Western Europe, being the unit of economic Government. However, it would be very wrong indeed to approach a federalist goal by depriving national Governments of their power, without first setting up proper institutions for controlling the power of the new Government which would take its place. Any serious delegation of national economic power to a central federal Government must, at the very least, be preceded by the institution of a directly elected European Parliament. Such a Parliament would have to overcome the language barrier, and to learn the right procedures for controlling the executive. In spite of the gallant efforts of Peter Kirk and his friends, this is likely to take some time.

Vast differences

Quite apart from the problem of controlling a centralised EEC *Government, there is still* the very real fact that there are *vast differences in national* attitudes to tax-paying and to the role of the State. The British have a tradition of cheap food going back to the abolition of the Corn Laws. They resent the idea that any indirect taxes *at all should be borne on food* or come to that on housing or books. *The French, however,* expect to pay well to eat well: *they prefer a system* of taxation which taxes earnings lightly and which collects revenue at the time of the expenditure. What we therefore have to do is to create systems of taxation which interlock with each other so as to avoid serious distortions while giving individual Governments as much freedom as possible to pursue economic policies appropriate to their circumstances.

The European Economic Community is practically at its first goal of being a customs union. Subject to a few minor transitional provisions, there are no longer any tariffs on goods crossing frontiers. This being so, it is surely essential that there should be no scope for using indirect taxes to penalise imports or to subsidise exports.

The solution adopted, and laid down in the two *1967 directives,* is a Value Added Tax of the form now adopted in every Member Country. Because each *country zero rates exports and* in principle taxes imports at *the point of entry,* tax at the appropriate rate is borne by the final consumer regardless of the number of stages through which *the goods may have passed.* The tax is collected by the Government of the country of residence of the final consumer. *Because* the principle of zero rating rebates taxes *collected at* earlier stages and no more, there is no possibility in principle of using VAT as a disguised export subsidy. The total tax burden is exactly the same on home produced and on imported goods. Yet at the same time each country can impose taxes on its own citizens at rates appropriate for its own circumstances. In principle *therefore* we are already at the target of harmonisation *without* equalisation. There is no distortion on international competition and no undue pressure on Governments to pursue inappropriate domestic economic policies.

This is *not* felt to be quite enough and the recently published Draft (still unapproved) for a Sixth Directive seeks to go further by imposing more uniformity of coverage and of rates. Why should this be necessary? There are three reasons, two good and one bad.

First the abolition of customs duties means that goods can move from one member country to another without *customs* formalities. There are however still *tax* formalities in that the seller must claim *the transaction* as an export entitled to zero *rating while the importer* must pay tax at the point of import. This *is not quite* as complicated as it sounds as under a VAT *system* a tax invoice must in any case be raised for all *transactions involving* a liable trader. It does mean that tax frontiers between member countries have yet to be abolished.

The second problem is that goods can be taken physically across frontiers by individuals. If Belgium tax certain luxuries at 25 per cent. and these goods are subject to tax at an 11 per cent. rate in Germany, it is inevitable that Belgians will drive across the frontier to buy such goods. *This means* either that we must keep the customs officer at the frontier to search travellers, or that the higher tax countries must accept the erosion of their tax base. There is some pressure towards uniformity and indeed Belgium, the Netherlands and Luxembourg have already agreed to equalise their rates and coverage. They will however leave *each of the* three member governments free *to adjust the rates* by up to 2 percentage points to meet differences of budgetary requirements. What should happen, without undue pressure from the Community, is that individual countries will find that exceptionally high rates, especially on what the Americans call "Big Ticket" items, are self-defeating. Differences of a few points on the tax rates on frequently bought staples are less likely to produce such distortions.

Own budget

The bad reason is the proposal that after 1975 the yield of a 1 per cent. VAT rate should be paid over to the Community as such to enable it to *have its own budget* without having to be subsidised by member governments. It is obviously necessary to have the 1 per cent. calculated on the same tax base and therefore it was argued that it is impossible for some countries to exempt or zero rate particular categories of goods. This of course is not so. If we, in the U.K., choose to zero rate food, we can do so provided that we pay over the sum which we would have collected by imposing a 1 per cent. rate. How we finance this is, and should remain, our concern. This now appears to have been accepted, perhaps reluctantly, by the Commission.

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INKING

as West Germany, it is of the established pattern universal" banking, in the big commercial banks their customers the whole of banking services which here, and particularly in on, have tended to be ed up among a number of ent specialised sectors. in West Germany, though, has been further develop- with some of the alised operations, such as Girozentrale, moving for ple increasingly into the of international banking: argest of these, the West- *che Landesbank, is of* se well known internation- *in its own right* and as a ng member of the Orion national consortium.

versification and rapid th in these institutions, ever, has been shown to its dangers with the recent s of the difficulties experi- ed by the second largest zentrale, the Hessische desbank.

lsewhere, as is highlighted he useful Analysis of Bank- *Structures in the* European munity, published by the ker Research Unit *recently,* trend has appeared to be re towards the West German tern of banking. In France, example, the distinctions ween the big deposit banks the *banques d'affaires* have n gradually eradicated since "Debre" reforms of 1966 both of the leading *banques faires,* Compagnie Financière Suez and the Compagnie ancière de Paris et des Pays- , have been through a period considerable rationalisation extension in recent years. s year the Paribas group reased further the weight of activities in the field of inary deposit banking with links established between ional Westminster Bank and Union Bancaire subsidiary. While the general pattern of elopment has appeared similar in most countries, however, the accession of the U.K. has nevertheless made a substantial impact on the potential development of the banking structure of the EEC as a whole. To start with, while the trend towards bigness and concentration in banking has had some apparent support from the authorities in London, and has been generally accepted by the big banks, views on the subject are far from unanimous. Many of the smaller banks, particularly among the merchant banking community, would still argue against too much emphasis on the advantages of the universal bank and in favour of the benefits of continued specialisation.

More important

Even more important, events during the year have served to *highlight the fundamental differences* in the approaches to *the regulation of banking* between London and most other Continental centres. As Mr. Hutton pointed out in his recent *Institute of Bankers* Ernest Sykes Memorial Lecture, the situation *reflects* a general view of life which is fundamentally different; "it is founded," he said, "on a system of law which gives people the right to do things; unless the things people want to do are specifically provided for in the law, they may not be done." Applied to the City, this philosophy provides on obvious contrast with the flexible and deliberately informal methods of control which the Bank of England has exerted, and which have undoubtedly contributed substantially to London's rapid growth as a centre of international banking.

The Continental approach was very much reflected in the proposals which the Commission had been working on for new directives to provide the basis for the harmonisation of banking legislation in the Community. Not perhaps surprisingly, it has been difficult to gain general acceptance even among the members of the original Six.

The British banking community has left no doubt over its views of the proposed detailed regulation of banking activities, with the recently reformed British Bankers' Association expressing a generally supported attitude among all types of banks in the City in its criticisms of the attempt to lay down detailed banking regulations. In this sense, full advantage has been taken of what Mr. Hutton referred to as the "honeymoon" period after British entry to the EEC, when the original members have been prepared to pause in the development of their harmonisation plans in order to take account of the views of the new members.

The response to British views appears to have been considerable. Among the members of the Six themselves, some of the arguments put forward appear to have been listened to with *respect.* One result of the debate is likely to be that considerably *greater* consultation with the representative organisations of *the relevant industries—*in this case the Fédération Bancaire—*will be undertaken before steps* are taken to put proposed rules *on paper. Moreover,* Mr. Hutton indicated that the Commission was now *considering changing* its whole approach to the problem of *co-ordinating* the regulation of banking in the Community.

The possibility now seems to be there that, *instead of* attempting to set out comprehensive and uniform *rules, the* Commission will limit its objective to providing *a basis of rules* vital to free competition within the EEC on which harmonisation might be acceptable. This would provide a framework but leave the various national authorities room to continue with their own particular styles of regulation.

Never the same again

By JAMES ENSOR, Motor Industry Correspondent

European motor chiefs have been watching the development of the Arab oil cuts with mounting concern, if not despondency. For the motor industry, after the oil industry itself, is most directly vulnerable to the evaporating supplies of crude oil. Its entire £10,000m. annual output—in Europe alone—is dependent upon a ready supply of petrol or diesel fuel; for although it is possible to adapt cars to run on methane or other fuels, the lack of any organised distribution system for such products and their rather limited supply means that they could provide only a limited palliative.

Few people in Europe to-day buy a new car or a new truck because they have to; in most cases, the new model is replacing an old or sometimes not so old model. Thus, in times of economic uncertainty, purchasers can readily postpone or cancel their purchase. And in the car market, at least, such decisions are more often made for psychological than for real economic reasons.

Demand will suffer

Inevitably demand for cars and trucks will suffer in Europe, next year, because of the public concern over the future of oil supplies. Equally inevitably, the motor industry in Europe—and even more so in North America—has reached a watershed. Things will never be quite the same again.

Except in the Netherlands, there has not yet been any catastrophic decline in demand for cars. Elsewhere, sales have actually risen in some cases, as they did in Britain at the beginning of November, for example. Demand for small economy cars has been predictably strong, with the Mini once again becoming the most popular car on the British market and the economy 1200 cc Beetle showing an unprecedented surge in sales. In France, Citroen enjoyed a 20 per cent. increase in orders for its economical Deux Chevaux, Ami and Dyane types although demand for the big DS has withered, rapidly.

What evidence there is, suggests that in Britain, and the other markets of Europe apart from Holland, there has been some weakening of demand for cars, behind the facade of apparently continuing strong sales. The situation varies from make to make, model to model and region to region but it would appear on average that orders have dropped by some 20 or 30 per cent., with a stronger decline among the larger cars and a weaker one in the small car market.

Imports appear to have been harder hit than domestic marks. Fiat, one of the few companies with the courage to publicise details of its order intake, reported that export orders had fallen by 30 per cent. And in both Britain and Germany sales of imported cars have fallen faster than those of domestic makes.

This is surprising since, in Germany particularly but also to some extent in Britain, importers have concentrated on the economy end of the market. German imports are mainly of small Fiats, Renaults, Simcas and Citroens; but in times of adversity, buyers appear to turn back to the best-known domestic economy product, in Germany's case the Volkswagen Beetle and in Britain's, the Mini.

In the truck market, matters seem to be more serious, for the majority of European demand for commercial vehicles is still accounted for by small businesses, in the grocery, building or haulage trades. Buyers have to be shrewdly responsive to the economic situation for the cost of an unused truck can make a severe dent in the finances of a small operator.

Already weak

Unlike the car market, demand for commercial vehicles was already weak throughout much of the Continent and particularly so in Germany and Italy. Considerable excess capacity exists in the European truck industry—particularly in the medium weight categories—and price cutting has already been rampant, especially in Germany.

So far, car and truck manufacturers have been mainly affected by the drop in export orders, rather than poor domestic demand. Citroen, for example, quoted poor export demand as the main reason for its five days of close-down over Christmas. Fiat, too, referred to the particular decline in its export business.

German manufacturers, traditionally highly export-orientated are particularly vulnerable to a sharp fall in export demand. Both Ford of Germany and Opel as well as the more obvious Volkswagen and Daimler-Benz have been shipping large quantities of cars to North America, so that any decline in American demand for small cars would immediately affect their production. So far, of course, U.S. demand for European-sized cars has been running well ahead of the domestic industry's ability to supply it, providing a field day for the importers. But as Ford and General Motors complete the process of converting some of their large car plants to build sub-compact models the opportunity for importers may be diminished.

Both Ford and GM have faced up to the poor demand for their larger cars—the Consul/Granada and Rekord/Commodore ranges respectively—in Germany. Both have announced limited cutbacks in output during December and January to keep unsold stocks from escalating too high. The reluctance to buy large cars induced by the threatened petrol shortage is, however, only one of the causes of this predicament. Of equal importance, is the fact that the continual rise in the value of the D-Mark has made German cars very expensive in export markets and the fact that the German economy was moving into a recession even before the oil crisis erupted.

Neither Mercedes-Benz nor BMW, which dominate the luxury car market in Germany, has yet been forced to announce any reduction in output, though both must be watching sales figures carefully. So an additional reason for the discomfiture of Opel and Ford could be that they have been losing ground in the upper end of the German market to competitors like BMW and Audi.

In the truck business, however, matters are already more serious. Even Daimler-Benz, undoubtedly the strongest manufacturer in the heavy end of the European truck business, has had to introduce reduced production at some of its plants. So far the lower end of the Mercedes range, the trucks and vans built in the plants acquired from Hanomag, have been mainly affected but it seems likely to be only a matter of time before the big plant at Wörth is forced to slow down, too.

The British industry will be the worst affected of any in Europe, from a production point of view. Paradoxically, it is the best placed of any from an order viewpoint. Such a pressure of unsatisfied demand had been built up during the summer that even popular models like the Cortina have order books of a couple of months. Luxury cars, like the Jaguar, Triumph Stag, Range Rover, Rolls-Royce or Rover 3500 have such a ridiculous large cushion of demand th even the economic depressi and fuel rationing which fa Britain are unlikely entirely dispel it.

Three-day working, will n affect the motor indust directly until the second wee of January. The long Christma New Year holiday will gi motor chiefs a chance to revie their situation and work o some more concrete plans th they have so far formed. theory, the industry should st be able to build 60,000 cars ar 6,000 commercial vehicles eac week. This will be a drop only 11 per cent. on the car sic and 20 per cent. on the truc and van side from the averag output actually achieve throughout 1973.

Lower demand

In the New Year, if the Aral continue to tighten their gr on Europe's fuel supply. seems inevitable that European demand for cars will dimini sharply. There are no real pr cedents to suggest how deep th decline will be, but Britis demand during the period rationing after the Suez W fell by about a third.

Clearly the decline will h hardest at manufacturers large cheap cars, which mea General Motors, Ford and ha of Citroen. Daimler-Benz an Jaguar, the acknowledge leaders in the European luxu car market, are likely to be le affected if only because waitin lists for the S Class and X Series are so long. The positio of the performance car man facturers, such as Alfa Romeo Triumph and BMW and of th executive car producers, Rove Volvo and Peugeot is likely be worse than that of the sma car specialists but better tha that of Ford or GM again be cause of established demand.

Sales of Minis, Beetles Renault 4s and 5s, the Fiat rang and the economy Citroen should benefit from the in creased awareness of fuel cost among car buyers. Equally small but comparatively expen sive cars such as the Peugeo 104, the Audi 80 or the Alf Romeo Alfasud should benefi from the attentions of peopl who want to give up the fue costs of a large car without re signing the comfort.

It would be foolhardy to pre dict whether total demand fo small cars in Europe next year will be larger or smaller than i 1973, although it will clearly ac count for a larger proportion o the total.

THE SPACE PROGRAMMES

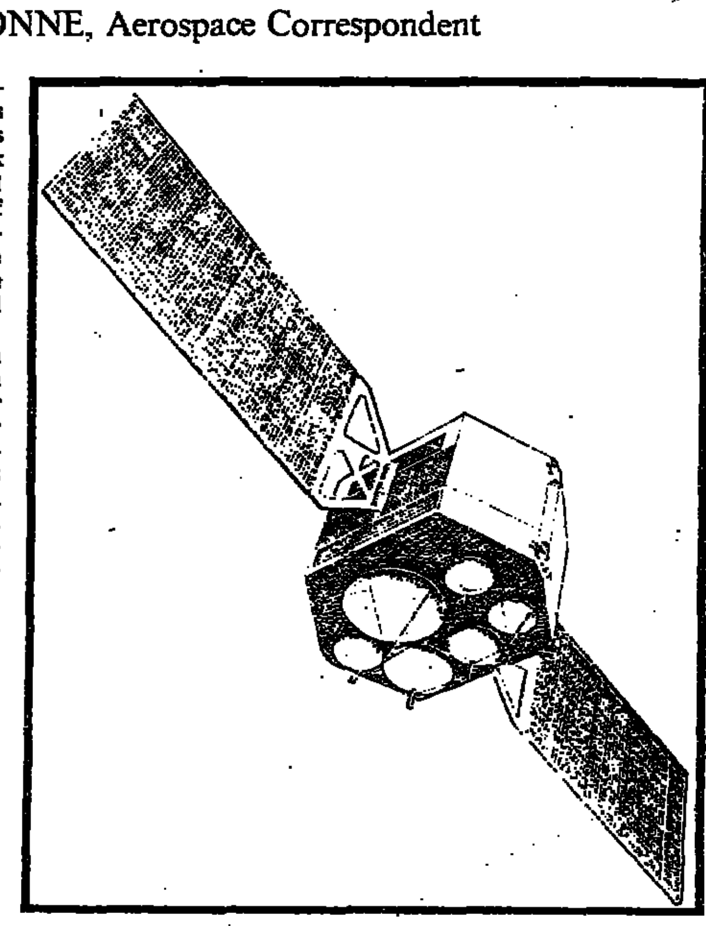
New agency seeks coherent policy

By MICHAEL DONNE, Aerospace Correspondent

After a long period of uncertainty, amounting at times almost to confusion, Europe's space industries can now look forward to a more settled period in space affairs, as a result of the successful Ministerial meeting in Brussels in August, which charted a new way forward in this area of advanced, and expensive, technology.

While individual European nations are not prevented from undertaking ventures of their own if they feel they are either essential or desirable, henceforth European Space activities are to be channelled through a new body. A European Space Agency is being set up to coordinate the fragmented activities of the various organisations already in existence, such as the European Space Research Organisation, primarily working on scientific and technical satellites, and the European Launcher Development Organisation, which has hitherto been building the unsuccessful Europa II rocket launcher. This agency will be responsible for controlling the direction and the scope of European space affairs. It will be financed by the participating governments; and it will allocate work to the participating countries in proportion to the sums their governments subscribe.

It will be the dominant body in European space matters, and will be responsible for dealing with the U.S. National Aeronautics and Space Administration, and other space authorities.



Artist's impression of ESRO's Orbital Test Satellite, scheduled to be put into orbit at the end of 1976.

It will be responsible, for example, for the three major space projects on which Europe will henceforth concentrate, in addition to the wide range of scientific and technical satellites already in progress. The first of these is the Spacelab—the £130m. plan for a manned orbiting workshop that will be used in conjunction with the U.S. Space Shuttle project for a re-usable manned space transport system. The agreement between Western Europe and the U.S. to collaborate in the development of the Shuttle, through the Spacelab venture, was signed recently in Washington, and work is now under way to implement the design and development of the Spacelab, in accordance with U.S. plans.

Secondly, work will be carried forward on the L-3S rocket launcher programme, the Ariane—a plan for a £190m. rocket that will be capable of launching Europe's own satel-

Continued on next page

Out of the frying pan into the fire

By RAY DAFTER

The European chemical industry, which has lived through a year of frustration and uncertainty, has plunged into deeper difficulties as a result of the Middle East oil situation.

Any hopes that the prolonged period of speculation about feedstock prices and supplies would soon be resolved—thus clearing the way for long term investment decisions — have been dashed. The difference now is that the immediate prospects look even bleaker than they did six months ago.

And yet the might and combined skills of the European industry, producing an annual turnover of well over £20,000m., cannot come up with an accurate forecast of what will happen in the next few weeks, let alone months. A journalist seeking clarification of the situation is just as likely to be asked by a company director: "What do you think will happen?"

Clearly the industry as a whole is carrying out a fundamental review of its investment programmes, not only in the light of its own feedstock situation, but taking into account the effect of fuel shortages on industrial growth in the different markets.

It is also a case of testing the market to see its reaction to very much higher priced materials. This is particularly *relevant in the plastics sector.*

Feedback problems

As Mr. J. S. Schrader, a director of the large Antwerp chemical plant of BASF (Badische Anilin and Soda-Fabrik) told me a couple of weeks ago: "We must see whether the consumers and industry are willing to pay higher prices for materials which may have been regarded as cheap in the past."

First, however, the industry must have capacity to produce *the required material and here* the shoe is beginning to pinch not only because of feedstock problems but because of plant capacity constraints and, in a *surprisingly large number, plant* failures.

In essence, the European industry—like its competitors throughout the world—has *jumped out of the frying pan* into the fire. The erstwhile situation of gross overcapacity has changed with a vengeance. It seems almost unbelievable in current circumstances that less than 18 months ago it was estimated that there was more than £1,000m. worth of petrochemical plant lying idle in Western Europe.

Demand for chemicals this year has increased dramatically. In the U.K., for instance, output in the first nine months was 11.2 per cent. over the same period last year. In West Germany chemical sales for 1973 are estimated to have risen to DM65,000m. from DM56,000m. in 1972—an increase of 16 per cent.

Severe shortfall

When leading members of the German Chemical Industry's Association met in Dusseldorf a few weeks ago it was generally agreed that meaningful forecasts for next year are impossible. Few in Europe would argue with that.

A severe shortfall in petroleum-based raw materials could, in the words of one member, have "catastrophic consequences for chemical companies *and customer industries at* large." In Germany—like the Benelux countries and Scandinavia among the worst hit by oil shortages—supplies of naphtha were expected to be short by as much as 20 per cent. by the end of this month.

The shortage of naphtha, now general throughout Europe, is inevitably pushing up the price of this basic chemical feedstock. One estimate put the increase as 400 per cent. in 18 months. This is obviously being felt in the price of downstream products. Just over a week ago, for example, Britain's Price Commission revealed that Imperial Chemical Industries had been given another big price increase for cracker products, raising the price by some 50 per cent. in three months. (The increase claws back some of the difference between U.K. and other European prices).

In the man-made fibres sector it is widely acknowledged that prices will have to rise, and Bayer, of West Germany, has said that the increases could be as much as 25 per cent. Nevertheless, most fibre manufacturers are sticking to their ambitious expansion plans to cover their long-term requirements.

In the short-term, however, it is a story of cutbacks. Hoechst, one of West Germany's big three chemical companies, has cut its deliveries of all types of plastics by 30 per cent. This follows an earlier announcement of 10-15 per cent. cuts in the output of *synthetic fibres.*

Indeed, reports in trade journals read like casualty lists. Belgian polyethylene producers are said to be operating at only 50 per cent. of production capacity. Monsanto has announced allocations of 30 per cent. of normal supplies of polystyrene and other products from its Newport, Wingles and Antwerp plants. Few, if any, companies are avoiding allocated supplies (they hate the word rationing) to some extent.

There is an indication that companies are using barter methods increasingly while—as usual in such tight situations—there have been claims of black markets being created at the *downstream end of production,* particularly for plastic materials.

Set against this depressing if hazy background of current problems—the industry naturally hopes they are also temporary—is the general desire to reach the right balance of supply and demand. That means the industry must be much cleverer in its capital spending forecasts than it has been in the past. That, in turn, must mean more interchange of information. Business confidentiality has made this difficult in the past but the European industry has a body through which it can feed information on a confidential basis — The European Council of Chemical Manufacturers' Association (CEFIC). This was demonstrated by the Council's recent, and extremely useful, olefins study.

It is a pity that the U.S. companies were unwilling to co-operate in the survey, mainly, one feels, for U.S. anti-trust reasons. CEFIC has, for the time being, estimated their past and expected future operations.

The survey shows that as far as ethylene is concerned the difference between effective plant capacity and actual consumption this year has been about 1.3m. tons; this buffer is expected to be halved by 1975.

When viewed in terms of capacity utilisation—consumption as a percentage of effective capacity—the survey for ethylene shows that the situation could become very tight between 1975 and 1977. Capacity utilisation is expected to be about 94 per cent.—healthy for the chemical companies but leaving little margin for plant failures, strikes and the like. Experience in Britain, Europe and especially Japan this year has shown that these upsets can play a significant part in disrupting production.

The survey statistics indicate that seven large olefin plants of around 450,000 tonnes ethylene capacity each and a small 110,000 tonnes plant will come *on stream in the next four years.*

The naphtha feedstock requirements between 1972 and 1977 are expected to grow at an annual rate of 11 per cent., rising to a heady 51.25m. tonnes in four years' time. While the growth rate is some 8 per cent. down on the past six years, it nevertheless must prove a worry *in the current oil supply situation.* Far from being in a growth situation, the naphtha supplies from refineries are currently in decline. How long this "temporary" phenomenon will last is one of the factors chemical companies are trying to judge.

Cautious approach

One respected industry commentator said this month that so far as new olefin capacities were concerned, caution was the by-word. *In current circumstances* a cautious approach must be essential. The difficulties certainly lend weight to the argument put forward by Mr. *John Townsend, a director of* ICI, at the annual meeting of the Society of Chemical Industry's overseas section in September.

He pointed out that the overcapacity situation—the scourge of recent years — had been aggravated by decisions of individual companies to proceed with plans to create new capacity, unaware that other companies were planning to meet the same, additional demand. A greater openness in market assessment and co-operation on investment planning was needed. (CEFIC's role is useful here).

"There is no doubt we can maintain this competition with less wasteful deployment of resources, both human and materials, if we are somewhat more open in our exchange of reliable information."

CONTINUED FROM PREVIOUS PAGE

SPACE PROGRAMMES

es into orbit in the late 1970s ...d beyond, theoretically mak... Europe independent of U.S. ...nch capacity, whether or not ... Space Shuttle survives. ...hough there was much doubt ...ut the L-3S proposal, its ...vival in the overall package ... measures designed to ...sure a meaningful European ...ace programme represented ... triumph for the French, whose basic idea it was, and who insisted on its continuance as part of the price for their continued support of a united European space effort.

Thirdly, Europe will develop a maritime communications, ship-to-shore satellite, called Marots, at a cost of some £31m. This was a particularly *British-*inspired development, which in turn only survived because the U.K. accepted the L-3S.

The entire agreement hammered out in Brussels represents a £350m. package that hopefully will consolidate the hitherto indecisive nature of European space affairs, and encourage officials and industry in various nations to work together. The past situation in European space affairs has *been bedevilled by competition,* differences of view, bitter criticism of one country by another, and sometimes even active attempts at international *conferences to disrupt the plans* of rivals. The picture that emerges is not an attractive one.

This, it is to be hoped, is *now a thing of the past, and* that with a reasonable clearly-charted way ahead, industry, officials, and governments can try to make something out of Europe's undeniable technical skills in this new dimension in human knowledge. Already, because of the fragmentation of past efforts, *Europe is well* behind in the space arena. All of the major breakthroughs have been achieved either by the U.S. or the Soviet Union, *not because either of those* two countries have a preponderance of academic prowess in astronautics, but because they achieved a cohesive policy at an early stage in the space venture some 20 years ago (NASA was formed in the early 1950s), and poured money into it.

It has never been Europe's intention to become directly involved in the manned space-flight venture—spending its own money to develop manned missions to the moon, for example. Nor has it been the intention to spend vast sums in duplicating the deep-space, unmanned, interplanetary probes undertaken by the Soviet Union or the U.S. The preference has been rather to seek to exploit space activity from the technical and scientific end, to develop satellites that would have some *basic usefulness such as in tele*communications and weather forecasting, or add to the scientific knowledge of the space environs of our own planet.

Small element

This emphasis will continue. The Spacelab will be only one small element of the overall Space Shuttle venture—albeit it a significant one for Europe, providing a means whereby scientists will be able to live and work in space for long periods at a time. The L-3S *will be developed steadily to* the point where it will become available for launching satellites, but at this stage it is not clear precisely what satellites it will launch.

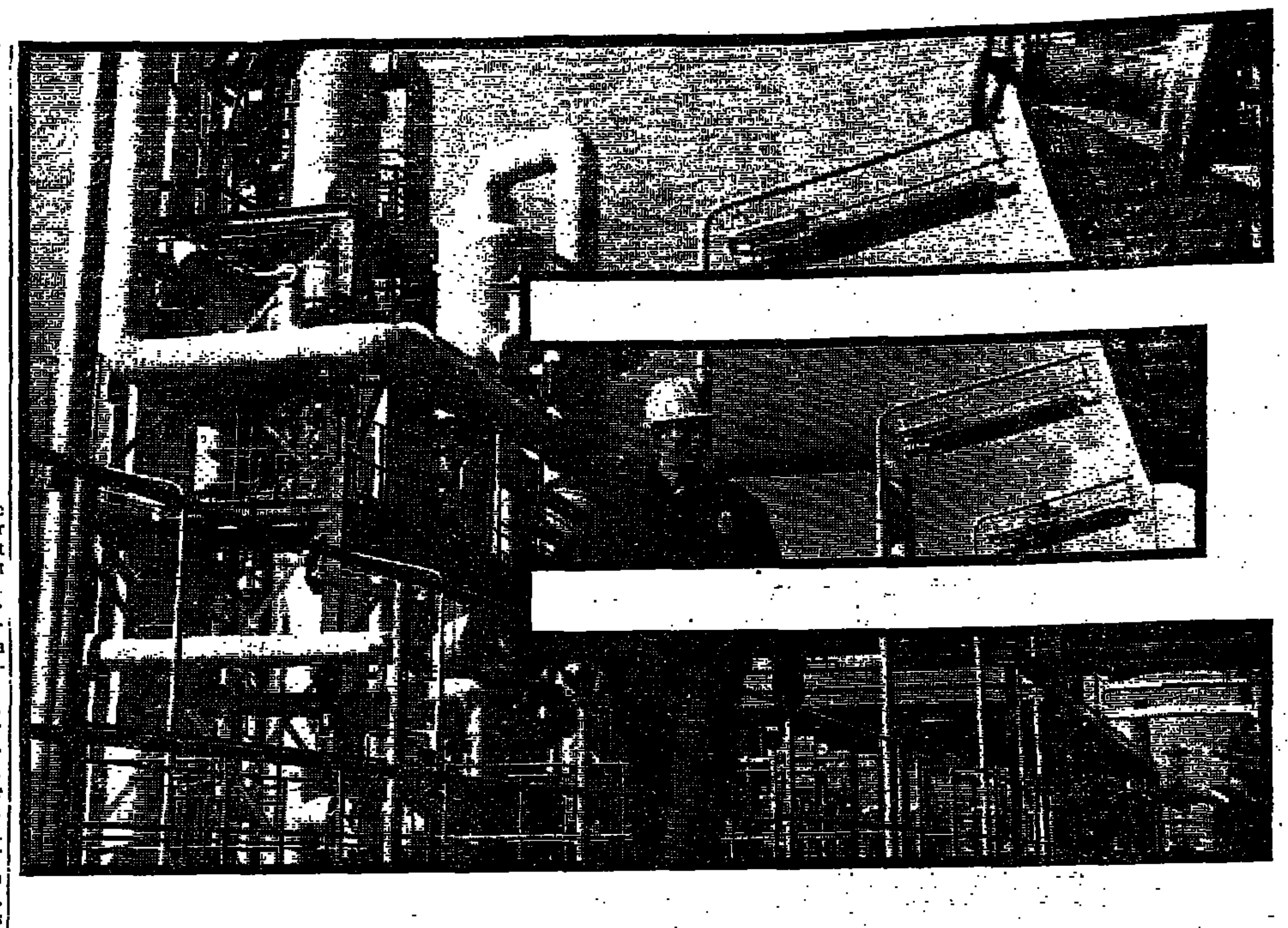
It seems likely, therefore, that under the European Space Agency the most significant programmes will continue to be those scientific and technical satellites already under development, together with the new Marots, and perhaps other new satellites now mooted, such as the Aerosat for aeronautical communications and navigation.

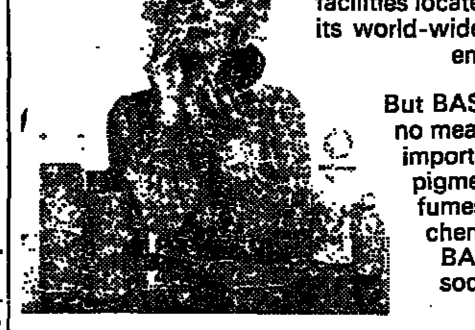
The European Space Agency's most important functions in the immediate future will be to try to inject some measure of coherence into the situation, to *restructure space activities in a* meaningful way, and to restore the confidence that has been sadly eroded by the doubts, hesitations and disputes of the past. Only when it has achieved these things will it be able to get on with the other major part of its task, which is to look ahead, and devise those satellite and other space programmes that may be needed in the later years of this century and beyond, either independently or in consort with the U.S. or the Soviet Union or both.

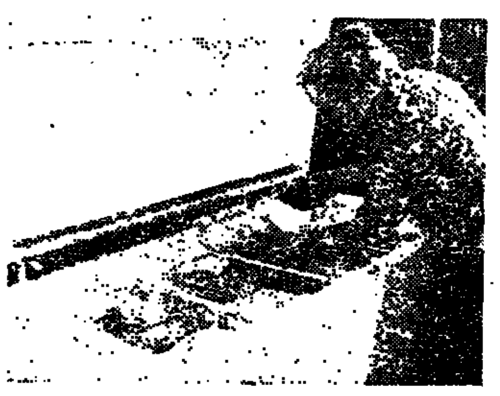
New ventures

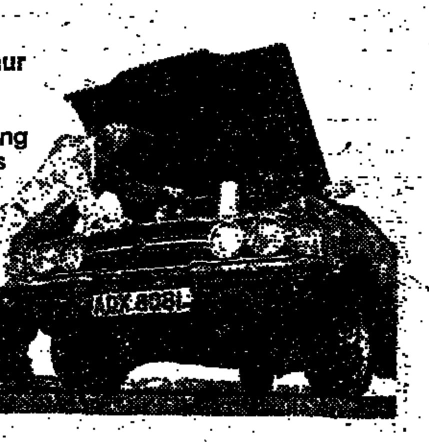
The intention is that from now on, any new space venture envisaged by a member-country *of the ESA should first offer it* to the Agency for all to consider and work on if approved. If it is rejected by the ESA, the individual proposing country would be free to go ahead alone. At the same time, the ESA itself will be free to look round the whole field of space research and put forward new ventures of its own for governments to consider.

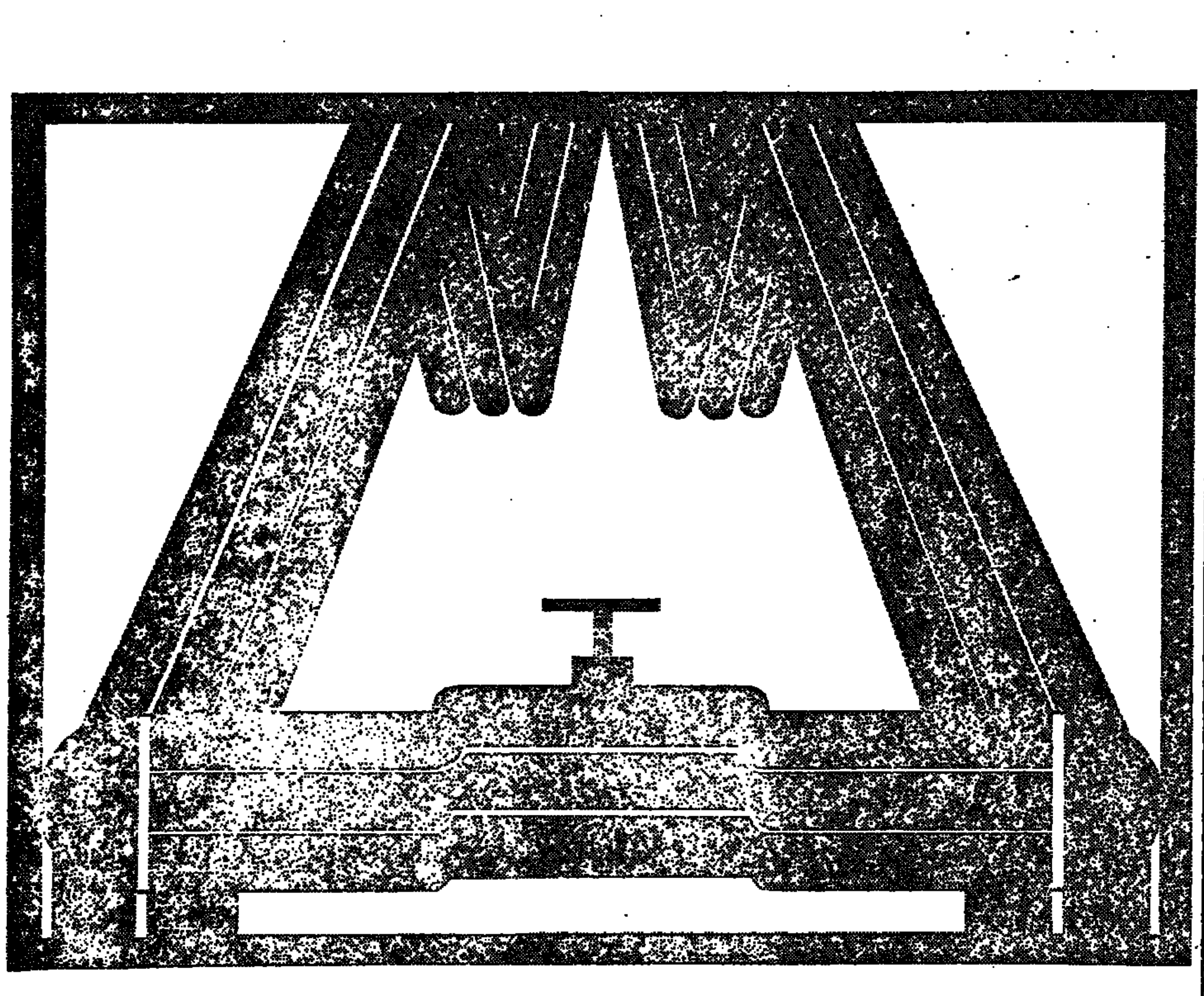
The Space Agency, in fact, represents in space affairs what many have long advocated in the aircraft manufacturing industry —a central co-ordinating body responsible for new designs on which many companies can participate together. If the Space Agency works, the idea may well be translatable to aircraft manufacturers as a means of overcoming the current problem of how to restructure themselves into smaller numbers of stronger units. In the meantime, *many will be watching this new*comer to the field of European international collaboration, to see how well it shapes up in the difficult years immediately *ahead.*











THE AIRCRAFT INDUSTRY

Bleak times ahead

By MICHAEL DONNE

The world's aerospace manufacturers, and particularly those in Western Europe, face some tough problems in the immediate future. One of the most immediate effects of the current fuel shortages is certain to be a reduction by airlines in the volume of new orders for aircraft of all kinds, as they fight to keep their networks intact in the face of severe cuts in services.

Orders for airliners have been difficult to come by for some time past, largely as a result of both the rising cost and complexity of modern types, but also because of the airlines' own financial difficulties, stemming from the air transport recession of the early 1970s from which they have only just begun to recover. For the next year or two, orders will be even more difficult to win, and it seems likely that they will be placed only as and when existing aircraft become too old to fly. In a situation where services are being cut back, and pilots and staff laid off, capacity is likely to become spare in the fleets of most airlines, making re-equipment purchases largely unnecessary.

While the most immediate brunt of this situation will be borne by the current generation of jet airliners on offer—the Boeing 747s, TriStars, DC-10s and airbuses—as well as such narrow-bodies still in production as the Boeing 727s and 737s, it is also certain to push further into the future the development of any new generation of jets. At least two of these were being mooted—the Europlane consortium's Quiet Take-Off and Landing (QTOL) project, and the Boeing Company's 7X7 plan for a family of transports. The belief is now that neither of these is likely to get started much before the end of this decade, or even early in the 1980s.

Fuel problems

The aircraft manufacturers, therefore, face a bleaker period ahead than they had expected as recently as three to six months ago. No-one knows just how long the current fuel problems will last, or how much more severe they will become before they get better. With fewer orders in prospect, some manufacturers may have to lay off labour—in the U.S., Lockheed has already begun to do so, following a decision by Eastern Air Lines to delay deliveries of some of the TriStars it has on order. All the manufacturers will be competing vigorously for such few orders as will be available.

It is in this situation that the European manufacturers in particular must seriously consider their future programmes and policies, and what structure they ought to adopt in order best to translate those policies and projects into finished aircraft for sale.

Their objective must be to ensure that, as and when the procurement situation improves, and a new generation of aircraft needs to be developed, they are in a position to seize a bigger share of the available market than they have won in the past. While past techniques for international collaboration will undoubtedly be continued, and perhaps also even extended, the manufacturers are, and will continue to be, under pressure from their governments to develop new techniques.

Big combine

One of the most popular ideas that has been mooted in European political circles in recent months is that of the "transnational" company, the merger of companies in different countries into one big combine striding across frontiers. As a political theory, it sounds impressive. Throughout the European aerospace industry, however, it has met with an almost universally cool response and nowhere more so than in the U.K., where neither the British Aircraft Corporation nor Hawker Siddeley Aviation likes the sound of the idea.

The basic attitude of nearly every aerospace manufacturer in Europe is that before applying further pressures on them for mergers, amalgamations or changes in industrial structures, the governments themselves should take urgent steps to ensure that a viable European market for European-built aerospace products is created. The manufacturers argue that 74 per cent. of all airliners in European service are American built, and that throughout the world as a whole, the proportion is even higher, 90 per cent.

The manufacturers argue that until a proper European market climate is created, it will be impossible for this situation to be changed, and that any future heavy government investments in new aerospace projects could well be undermined by this continued U.S. domination of the European airline fleet. The manufacturers are not asking for any political directives that European airlines should buy European-built products (although some do say that this might not be a bad thing, in that some European airlines have an almost automatic propensity for buying American without even looking at what Europe has to offer). Nor are they ignoring their own basic responsibility, which is to build the right type of aircraft, at the right time and the right price. They recognise that no one, whether in Europe or elsewhere, will want to buy a bad aeroplane at the wrong time and the wrong price. What they are saying is that it is pointless to try to create a new structure for the manufacturing industry, if the market itself is unsound. The structure, they say, must evolve to meet the needs of the market, and not the other way round.

The manufacturers do not think this is too much to ask. They point out that many of the things they want to see are small in themselves, but when added together produce a formidable volume of support to their efforts. They want to see, for example, a European Civil Aviation Authority, on the lines of the U.S. Civil Aeronautics Board, which could do much to promote a wider European air transport policy to replace the present fragmented ideas of a large number of individualistic national airlines.

They would like to see a common European Certificate of Airworthiness, involving common standards and specifications. They want uniform credit facilities, and a tariff structure that will protect them in the same way that American manufacturers are protected by the "Buy American" Act and other measures.

If all of these things are done, they feel that much of the difficulty in the way of broadening the European market will have been cleared, and it will then be up to the manufacturers themselves to ensure that the products they provide meet the European airlines' requirements.

It will still not solve the problem of the industry's own future structure, however, and to deal with this they have said that if the governments move to help create the market, they will undertake of their own volition to study the various ways in which the restructuring of the industry can best be achieved. In the meantime, the basic forms of collaboration already tried and proved, such as the formation of specific companies for specific projects, such as Airbus Industrie on the A-300B, will be continued, and perhaps even extended. What is clear is that for the next year or two, the European aerospace manufacturers, given perhaps a breathing space as a result of the slow-down in re-equipment by the airlines, have an opportunity further to discuss their own future problems, prospects and reorganisation, without being strained by competitive pressures to produce new products with which to beat off U.S. competition.

At a time of increasingly tough competition to build and sell a smaller number of new types of more expensive civil aircraft, new techniques of collaboration are needed. One possibility of overcoming the difficulties in the way of restructuring the European airc manufacturing industry m be to copy the example alre adopted in space affairs, and up a European Civil Airc Manufacturing Agency, dire financed by all the Governm of the participating countr with the work being farmed by the Agency in proportio those cash contributions.

To some extent, this con of an Agency follows the li of the National Aeronautics Space Administration in U.S., which has been respons for co-ordination and con throughout of all the U.S. sp flight ventures, including tha the Moon, and is now resp sible for the Space Shuttle. concept is now being applie Europe, in the form of a Eu pean Space Agency.

There seems to be no rea why it could not also be adap to the European aircraft ma facturing scene. Such Agency would not be enc bered with responsibility existing aircraft programm which would remain in hands of the individual co tries and companies enga upon them. Nor would it s to undo any of the exist techniques of international laboration. Its sole task wo be to look ahead, define likely market needs world-w for different types of aircr and put proposals for th development to the Gove ments, meeting at intervals Ministerial conference. If proposal for a particular de lopment were to be approved, would become a totally Eu pean commitment, with all countries who were members the Agency contributi towards it.

New family

Examples of the types of a craft that such an Agency mig promote are the second-gene tion supersonic airliner, or p haps eventually the Europla consortium's plan for a Qui Take-Off and Landing airlin or a totally new family of su sonic aeroplanes for the 198 and beyond that made less u of fossil fuels and more use new forms of propulsion, su as nuclear power or liqu hydrogen.

The establishment of such a Agency might in the long r be the easiest way of bringi together the existing aerospa industries of a large number countries without anyone bei obliged to sacrifice his ind pendence or merge himse unnecessarily into a small number of stronger units. Th single stronger unit would the Agency itself, with th power to control the desig development, production an sale of the aeroplane chose

CONSTRUCTION

Still big business

By MICHAEL CASSELL

The construction industry in Europe contributes between six and ten per cent. of the gross national product of all the countries concerned and employs about 23m. workers. As Mr. Paul Channon, U.K. Minister for Housing and Construction, recently put it: "That's big business by any standards."

It is a business whose performance affects the well-being of whole nations, whose fortunes vitally affect the personal welfare of the people engaged in it and which remains extremely sensitive to economic change. Nowhere are the icy blasts of economic recession felt faster or more deeply than in the construction industry and few sectors are expected to respond so quickly to a revitalised economy.

For a long time, many countries have regarded construction as a national or domestic industry, making use of indigenous materials and skills as far as possible, with little time for international exchange on any meaningful basis. In the face of rising aspirations, however, for a better living and working environment, the trading of building products and expertise and growth of international activity has become more desirable and necessary.

Technical barriers

If trade in the construction sector is to flourish, the substantial technical barriers between countries will first have to be removed, for one of the main barriers to continued expansion is the tremendous variety of building standards and regulations which are now employed throughout Eurpoe.

In the Common Market countries, for example, where common policies have been devised in several major industries, relatively little prominence has so far been given to the construction sector.

The process of harmonisation is now, however, under way at last. Measures to remove discrimination on nationality grounds, from the right to secure large public works contracts anywhere throughout Europe are already in operation. Modifications will be necessary to a wide range of laws, administrative practices, technical standards, building controls, contracts, procedures and conditions if the industry's full trading potential is to be met. In many respects, British construction practice is regarded as being in advance of the rest of the enlarged Community and our industry has an important role to play in working for the introduction of common standards and practices. Moves are also under way to secure mutual recognition of professional qualifications in all EEC member states.

If the question of harmonisation is to be tackled properly, it is firstly essential that each European country should decide which of its standards should be national, which should apply to certain regions of Europe and which should be totally European.

It will also be important to establish the major technical features affecting standards. In doing this, it will have to be remembered that a country should not be excluded from applying an international standard simply because it cannot afford the same quality of buildings as its neighbours. Standards should ideally be graded so that as the prosperity or technical sophistication of the nation involved increases, so it will be able to use higher quality standards.

Just as it will have to be accepted that the standards adopted will have to vary according to climatic or physical conditions, so must they have a variety of ranges which can be applied to particular building types, for example, schools and hospitals. Much work is, of course, already been carried out in all these fields but it is important that Europe has an agreed framework on which the industry's requirements can be built.

Growth in trade

Harmonisation will certainly be required if the industry's growth in trade is to be stimulated. In spelling out what is exactly meant by harmonisation, Mr. Channon said recently that it should not be concerning itself with the legal forms in which building regulations are enshrined or how they are administered. Quite apart from any economic and political difference between countries, he added, these aspects were a reflection of the administrative pattern and the whole social fabric and history of each country. It was "unrealistic and unnecessary" that they should be harmonised at the present stage in European development.

Nor, of course, is it suggested that building all over Europe should become identical. What has to be tackled, the Minister went on to say, was the job of eliminating "the arbitrary, irrational and unnecessary technical differences" which did exist. These were differences which made identical functions more expensive to perform in one country, than another or which made it difficult or impo sible for manufacturers fro different countries to compe on equal terms.

For the time being, it has t be recognised that standards d vary quite considerably fro nation to nation and whil various organisations ar attempting to change the situ tion, it seems unrealistic t expect final agreement throug out Europe within the forese able future.

While the U.K. constructio industry and its associated pr fessions have a great deal t offer in Europe, there have bee fears that in far too many case European involvement at an cost has been the order of th day. Many developers ar basically ill-equipped t manage projects overseas and i some cases there are indica tions that the general commer cial conditions and terms unde which business is being under taken does not give credit t the expertise which is know to exist. Prospects for the pro fessional consultant—from th consulting engineer and th architect to the quantit surveyor—must be good but i would be wrong to assume tha there are not major problem to be overcome. It will tak a great deal of time and train ing to reach the state of under standing and communicatio necessary for international co operation.

At the same time, there is a danger in attempting to think too completely as European While during the formation of a new community, contributions are required from all partici pants towards the eventual fabric of techniques and methods adopted, there are to eschew techniques which are purely British as being unsuit able should be avoided.

A painful energy dependence

ADRIAN HAMILTON

anyone had doubted ope's dependence on oil gas in the energy field, the latest Middle East is must have brutally des-ed his illusions. In the :e of a couple of months, on by the Arab oil producers restrict production by some per cent. against September ls has forced almost every ernment in Europe to intro-e drastic measures to restrict l demand, has caused them reconsider their whole ideas economic growth and employ-nt over the next year if not ger and, in doing so, has ed a host of profound and remely disturbing question-rks over the future of the a's energy.

The development is particu-ly painful for Europe—the gest single oil-importing area the world and the one, in ny ways, the least equipped terms of political and finan-l strength to deal with the sis.

The speed at which this relopment towards greater pendence on oil has taken ce is in many ways remark-e. A little more than a :ade ago, in 1960, coal pro-ed some 60 per cent. of mary energy requirements in CD Europe, with oil account-; for nearly one-third with 6 per cent. and natural gas d hydroelectricity accounting most of the rest. By the d of the decade, when total ergy consumption virtually ubled, coal's share had sunk less than 30 per cent. while e share of oil and gas had sen to almost 60 per cent. and me per cent. respectively.

The future

Looking to the future, this 'eponderance of hydrocarbons Europe's energy patterns ems unlikely to change much, least in the short-term. The ange in circumstances and the jection of considerable funds ay do something to buttress e position of coal in the U.K. nd in Germany at least. But in ther countries like Belgium, 'rance and the Netherlands, the ecline would seem almost irre-ersible and, even assuming ome increase in imports from East Europe, Australia and the U.S., it seems unlikely that coal an do much more than hold its olume output and continue to lose share. Nuclear power holds more promise, but any new in-vestments made from now on are unlikely to affect the position before the next decade. Equally, the actions of con-sumer governments may well—in fact almost certainly will — reduce the rate of growth in demand through conservation, restrictions on use and greater efficiency. But here again there are limitations on time and political will. On almost every account, therefore, it would seem likely that hydrocarbons will have to carry the major burden of meeting European energy demand until well into the eighties at least.

Gloomy scene

Yet, in accepting this, the out-look is still far from totally gloomy. The North Sea and the major on-shore gas discoveries in Groningen have provided the area with its first really substan-tial indigenous reserves of hydrocarbons. While there may be doubts about how great their contribution to the overall needs of Europe may be, there can be little doubt that they will do much to carry some of the weight of the growth in demand in the latter part of the decade as well as possibly relieving some of the current rate of dependence on imports early in the next decade as well.

It is gas, a relatively ignored fuel in all the discussions about energy, which in many ways provides spot on the immediate European fuels horizon. The last few years has already seen a substantial growth in gas's shares in the European primary energy cake, partly because of the dramatic and still continu-ing expansion in output from the huge Groningen Field in Holland and partly because of the build-up in deliveries from the southern sector of the U.K. North Sea.

While recent re-evaluation of the producing potential of the Groningen Field have substan-tially reduced the planned level of annual output from the field, production is still on the upward climb with an increas-ing proportion of it going for export. Prospects in the North Sea meanwhile have been greatly enhanced by discoveries in the northern sectors. A major deal to pipe Ekofisk gas to the Continent has been agreed with the Phillips group in Norway while the large Anglo-Norwegian gas field of Frigg has been contracted to the British Gas Corporation. By 1975, output from the North Sea should have risen to about 5,000m. cubic feet per day while by 1980 this figure may well have doubled to 10,000-12,000m. cubic feet per day.

Added to this, European countries have been negotiating to take very substantial amounts of Russian, North African and, more recently, Iranian gas imports over the next decade. Agreements for the importa-tion of Russian gas already involve the eventual supply of some 2,000m. cubic feet per day with more in product. Liquefied natural gas deals for Algerian gas amount to as much again, with the possibility of substan-tial further volumes especially if an undersea pipeline should be built from Algeria to France, while Libyan imports are expected to reach about 500m. cubic feet per day by the middle of the decade.

All in all, therefore, natural gas supplies to Western Europe could well amount to some 30,000m. cubic feet per day by the end of the decade, compared with some 8,000m. cubic feet per day at present, with some 15-20 per cent. coming in the form of imports. Assuming some restriction on the rate of growth in energy demand over the rest of this decade and some stabilisation of the coal picture, this could mean an increase in the contribution of natural gas to Europe's overall energy requirements from around 9 per cent. at present to as much as 18 per cent. by the end of the decade and possibly over 20 per cent. by the mid-eighties.

This still leaves oil with carrying the major burden of European energy demand for the next 15 years at least, increasing its share of the energy to over 60 per cent. by 1980. And here the main hope must be the North Sea and the European off-shore. Exploration in these areas is still at an early state, but already the North Sea at least has been proved a major oil province with proven recoverable reserves of around 12-13,000m. barrels of high quality oil. With much of the off-shore acreage in Norway, current estimates still to be tested, particularly suggest that the North Sea could be producing as much as 3-4m. barrels a-day by the end of the decade and as much as 6-8m. barrels a-day or more by the mid-eighties.

These kinds of figures—which still have to be fully proved in practice—may not provide the final answer to Europe's depen-dence on oil. Nor is the North Sea and other off-shore areas without their problems. Poten-tially fierce conflicts have al-ready arisen between the EEC and countries like the U.K. and Norway about the degree to which the finds should be treated as a European rather than national asset and deve-loped as such. The technological problems of producing from the deep waters and rough weather conditions of the waters of North-Western Europe have yet to be fully solved and delays in construction of the producing facilities have tended to con-stantly put forward scheduled start-up dates.

Hard problems

But to dismiss the off-shore potential as a mere drop in the bucket as far as European needs are concerned—as some have done—would be unnecessarily pessimistic. At the very least, North Sea production can take on a substantial part of the growth in oil demand in Europe. If exploration over the future proves as successful as it is at the moment and if Europe can curb the growth in demand and put new blood into alternative fuels, then the North Sea could do more—accounting for per-haps as much as 18-20 per cent. of oil demand by 1980 and as much as 25 per cent. or more of oil consumption in Europe in the mid-eighties.

The hard problems raised by continued dependence on imported oil for over 40 per cent. and probably nearer 50 per cent. of Europe's overall energy requirements will remain and grow as inter-national competition for avail-able supplies and Arab restric-tions on production act to reduce supplies and increase prices. But the North Sea has provided the area with its first real hope of developing substan-tial indigenous oil flows of its own. At this time, that is some-thing to be profoundly grateful for.

THE ELECTRICAL INDUSTRY

A changing scene on all fronts

By CHRISTOPHER LORENZ

The seemingly staid electrical engineering industry is in a state of flux. On the one hand some of the old restrictive trading arrangements are begin-ning to crumble or come under attack, and on the other a note of Europeanism is beginning to creep into not only the newer sectors—such as computers—but also longer-established ones such as telecommunications and power engineering.

The biggest upsets are coming in telecommunications, still heavily controlled by the mentality if not the practice of the traditional "rings." But quiet changes are also taking place in the transformer busi-ness, and cross-frontier co-opera-tion in other sectors of power engineering could be given a boost next year in the wake of nuclear developments.

In the consumer sector, two established and troubled giants, AEG and Zanussi, have finally gone to the altar after years of intermittent courtship, bringing the Italian appliance industry under a still greater measure of foreign control. The threat of zero or minus-growth in Europe next year could revive the pressure to restrict Japanese imports and add another twist to the forces of protectionism.

Behind all this, the French industry continues its majestic feat of narrowing the gap with the powerful Germans, who are ploughing an increasing propor-tion of their resources into manufacture abroad.

Smiled upon

The most spectacular examples of the changing scene have been in France. Only two weeks ago it emerged that the country's two major electrical engineering groups were to end the four-year-old pact under which one, Thomson-Brandt, concentrated on electronic equipment, computers and domestic appliances while the other, Compagnie Genérale d'Electricité, held sway over the heavy end (telecommunications and power engineering).

The agreement, which was France's answer to the massive restructuring of the British industry inherent in the GEC-AEI-English Electric mergers, was smiled upon by the Govern-ment and its agencies. It remains to be seen whether Thomson is justified in its optimism that the French tele-communications administration will welcome the emergence of a further major supplier along-side CGE's CIT-Alcatel and Ericsson (which are now co-operating on development) and the two powerful sub-sidiaries of ITT.

The wish to participate in the rapidly growing telecommunica-tions market was Thomson's major reason for refusing to renew the agreement though discord over the running of CII, the computer company, also played its part. If the rupture is not repaired at the behest of the French authorities—this would not be easy, since the heads of the two companies are not the best of friends—the country's market for telephone equipment could become increasingly competitive. Whether CGE would try to break into the consumer dur-ables market is uncertain—for one thing, a suitable vehicle would be hard to find, providing that Moulinex does not come up for sale—and a re-entry by Thomson into the heavy sectors is also unlikely.

Electricité de France, the monopoly state customer for power equipment, has already given the nod that it wants only two suppliers of most machines, Alsthom (controlled by CGE) and CEM (part of the multi-national Brown Boveri group). The joker in the pack, as it has been for the past few years, is Jeumont-Schneider. Since the collapse of the CEM deal and recently of the Merlin Gérin alternative, the company's future as a major supplier of power equipment has seemed in doubt, but the ripples of the Thomson-CGE split could bring about a rapid denouement.

Other purely French deve-lopments have been less dramatic, but may be equally significant in pointing the way to the industry's future struc-ture. Chief of these is perhaps the decision of Alsthom and CEM to co-operate on large transformers.

The events of the past few weeks could cause complica-tions in the ownership of CII, which is already involved up to the hilt in its trail-blazing jont venture with Siemens and Philips. The internal problems facing the new "Unidata" grouping have now been recog-nised by the European Com-mission as probably precluding any further additions to the club for a year or two. In the meantime ICL will soldier on alone, and the computer indus-try's best-known "whizz-kid," Heinz Nixdorf, will attempt to beat the AEG computer inter-ests into shape.

As in France, telecommunica-tions seem likely to become a battleground in Britain now that Thorn has declared its intention of trying to become a major telecommunications sup-plier in partnership with Erics-son, which sees the U.K. as the only major Common Market country where it still has a chance of gaining a strong foot-hold (Germany is comfortably divided between Siemens, several AEG interests, and the ITT subsidiary, though IBM is being allowed a limited look-in).

Threatening clouds

The German industry, which has played little part in this year's manoeuvring, has concen-trated much of its attention on the search for manufacturing sites in countries with lower costs, burgeoning markets and —if possible—currencies which are weaker than the D-mark. Siemens, AEG and Robert Bosch are all looking for new hunting grounds, while Grundig last week confirmed its intention (first revealed in the Financial Times last April) of expanding its facilities in Ulster.

This trend could be slowed by the threatening clouds on the economic horizon of the entire western world, but once, the worst is over the pace of foreign investment should revive, as the Bonn Government is unlikely to return to its old policy of per-mitting an unchecked inflow of foreign workers, which has be-come a major factor behind the growing strain on society and the economic resources of Ger-man local authorities.

The intervention of outsiders is likely to play a considerable part in the shifting structure of the European electrical and electronics industries. The inva-sion by Japanese consumer electronics and American micro-electronics interests could prompt a series of co-operative deals both between the Euro-peans and with the invaders. In the power engineering busi-ness, American involvement is become a significant catalyst. The process would have been speeded if Reyrolle Parsons had proved sufficiently attractive to Westinghouse as a takeover pro-position, but in the meantime the nuclear industry has emerged as a more likely vehicle, since the purchase by Britain's new National Nuclear Corporation of GE or Westing-house technology would bring it closer to the US giants' other European associates.

Great diversity of interest

By JAMES McDONALD, Shipping Correspondent

With the enlargement of the European Economic Community the combined merchant fleets of the member countries have doubled in size. Last year the total tonnage of the fleets registered under the flags of the Six was about 29m. gross tons, representing around 11 per cent. of the world merchant fleet. The addition of Britain's fleet of 28m. tons, together with about 4m. tons brought in by Denmark and the Irish Republic has raised the total to 61m. tons—24 per cent. of the world gross tonnage.

This gives the enlarged EEC countries the most significant combined merchant fleet in the world, leaving aside the "flag of convenience" nations of Panama and Liberia, etc. Moreover, if Norway had decided to join the Community this would have added a further 23m. gross tons.

Common policy

But, despite the size of the "EEC fleet" there is at present no common policy on sea transport, although there is provision in the Treaty of Rome for making common rules applicable to sea transport. The Six did not consider this necessary because most of its tonnage was engaged in trade with countries outside the Community and in the enlarged "Nine," although two of the three new members are separated from the Continental members by sea, these considerations still very largely apply.

The British Government certainly sees no need for early activation of Article 84(2) of the Treaty to create common rules because there is already broadly a long-standing common approach by the governments and by the shipping industries involved to merchant shipping matters, extending not only to economic but also to safety aspects.

On the industry side the Committee of European National Shipowners Association (CENSA) has been in operation for over eight years and has a common policy on such important subjects to traditional shipowning nations as the code of conference practices—which has been discussed during the meeting in Geneva by the Conference of Plenipotentiaries of the United Nations Conference—flag discrimination and freedom of the seas for common carriers.

The UNCTAD conference ended this week-end with an expected "package" statement indicating still a basic disagreement between Group B, the developed countries, and the Group of 77 (the developing countries) over a code of conference line practices. In effect the point of contention is the role of Governments in shipping conferences, with Group B—including the EEC members—seeking as little governmental interference as possible and the Group of 77 demanding considerable governmental control over their operations.

Another conference is expected to be called next year.

The developing nations are demanding that cargo trade between nations should be allocated on a largely bilateral basis—40 per cent. to the flags of each country involved in the trade and 20 per cent. to third-party "outsiders." This would have a drastic effect on such "common carriers" as the British and Scandinavian merchant fleets, which are involved considerably in the "cross trades"—trades between countries other than Britain or Norway.

Shipping fleets of the EEC countries vary considerably in size and composition. The British fleet of 28m. tons is the third largest in the world, after Japan and Liberia, and is divided in roughly equal proportions between tankers and other vessels—predominantly cargo liners on scheduled services and bulk carriers. The next largest fleet in the Community, that of West Germany, totals 8.2m. tons and consists mainly of ships other than oil tankers. France, Italy, the Netherlands and Denmark have fairly large fleets but those of Ireland and Belgium are small.

Cargo fleet

In the same way the shipping interests of the member states also vary. With one of the world's largest fleets of general cargo ships the U.K. is largely engaged not only in direct trades with British ports but also in the "cross trades." The "cross trades" in fact, account for about one-third of the gross earnings from the U.K. general cargo fleet. These trades also are important to Denmark and the Netherlands, but the French and German fleets are tied primarily to their respective national trades.

While there is this great diversity of shipping interest among the members of the enlarged Community, the absence of any clearly definied EEC role in sea transport does not mean that the members of the "Nine" disagree on major questions of shipping policy. Their traditional shipping industries operate across the world, carrying the imports and exports of every country, and they all have an interest in keeping the world trade routes "free."

The U.K. Department of Trade and Industry says: "It has long been our view that the industry is at its most efficient when it can carry on its daily business free from interference by individual Governments, whose interests will rarely coincide exactly with those of other Governments along the world's trade routes. This view is broadly shared by the other members of the Nine, although they may have different interpretations of how such an open seas policy can best be achieved."

While this industry "common front" exists, alongside it are international bodies at Governmental level which already serve to co-ordinate the maritime interests of EEC countries. These include: the Consultative Shipping Group (12 West European countries and Japan); the Maritime Transport Committee of the OECD, which includes the U.S. Canada, Australia and New Zealand; and the United Nation's Inter-Governmental Maritime Consultative Organisation.

The U.K. Government believes that, for shipping the most immediate effect of entry into EEC will probably be in the specialised area of the short sea trade routes between Britain and the Continent.

"As the common policies of the Nine outside the shipping field begin to bear fruit, one may expect a considerable expansion in seaborne trade on these routes which will be accompanied by further expansion in the carriage of passengers and their vehicles," says the DTI.

In the shipbuilding sector of the new EEC there is no common policy as yet, possibly because the spate of world orders over the past year has driven the problems of competition into the background. Even the most inefficient yards within the new Community—and this includes one or two British shipyards—have order books stretching out to 1977.

Current crisis

Whether the current energy and oil crisis may accelerate or hold back a common policy is in doubt. At the end of last month the Brussels' Commission plans for revitalising the Market's shipbuilding industry, together with proposals for new limits on State aid to shipyards ran into serious objections from member governments. The Commission has now accepted that decisions on the proposals will not be taken by the end of this year, as originally proposed.

France, for example, has attacked the Commission's plans for failing to take into account the real problems facing the European shipbuilding industry. Before any decision is made, says France, there should be analysis of world shippi[ng] trends, relations with Japan, assessment of supply and [de]mand inside the Community a[nd] possibilities of closer co-ope[ra]tion between European sh[ip]yards.

Britain also has reservatio[ns] about a number of the Comm[is]sion's recommendations [on] limiting state aid under [the] proposed directive. The U[.K.] does not like the idea of s[ub]mitting investment aids [to] Commission scrutiny and arg[ues] that recommendations for li[mit]ing interest rate subsidies wo[uld] discriminate against countr[ies] like Britain which have h[igh] interest rates.

The Commission's propo[sal] for next year is that construct[ion] subsidies for ships should [be] limited to no more than 5 [per] cent. of the order price, [and] that this figure would [be] reduced to 4 per cent. for sh[ips] ordered in 1975. After that d[ate] the Commisssion would m[ake] new recommendations. At [the] same time, restrictions would [be] placed on interest rate subsid[ies] granted on the sale of ships, a[nd] aids to any investment of o[ver] about £1.7m. would have to [be] notified in advance to Bruss[els]. The aim would be to steer n[ew] investment into projects t[hat] would make the Commun[ity] internationally competitive, [as] part of the Commission's over[all] plan to revitalise European sh[ip]building within the next fo[ur] years.

IRON AND STEEL

Output at record, but doubts ahead

By HAROLD BOLTER, Industrial Editor

European iron and steel production will reach record levels this year, despite the effects of the energy crisis which are now being felt, particularly in the U.K. During the first ten months of the year output rose by an average of over 7 per cent. in the major producing countries and although the year-end figure may be lower than this there will still be a worthwhile increase.

Until the last few weeks most steelmakers in Europe had assumed that the boom in demand would continue until at least the middle of next year. Now, however, mainly because of the indirect impact which the energy situation is having on European economies rather than on steelmaking as such, there is considerable uncertainty.

For much of this year there have been widespread shortages of steel, even though manufacturers have raised production substantially and there still appears to be a large area of unsatisfied demand. Just how long this situation can go on remains to be seen, however.

Falling off

In the U.K. steel production in the first 10 months of this year totalled 22,455,000 tonnes, compared with 20,929,000 tonnes in the same period of last year, a rise of 7.3 per cent. But because there was some falling off in November and further output reductions this month, it now appears unlikely that the private and public sector producers together will produce the 28m. tonnes of steel they had hoped for this year, which would have been 4m. tonnes more than in 1972.

Part of the anticipated shortfall can be explained by disputes within the British Steel Corporation. Strikes in its general steel and strip mills divisions at the start of the year led to losses of 500,000 tonnes and 250,000 tonnes of steel respectively at the start of the year and a number of smaller disputes, largely unpublicised, are expected to bring the Corporation's total output losses because of disputes up to 1m. tonnes by the end of 1973.

This month, of course, iron and steel production in the U.K. has been hit by disputes in the coal and rail industries. Coking coal supplies have been cut by more than a third, and by the end of this week steel production throughout the country is expected to be running at no more than 50 per cent. of normal levels, which would mean the loss of around 1.25m. tonnes of steel in December.

The other countries of Europe, affected only by oil shortages, are expected to keep their output rates well up this month, on the other hand.

The biggest single production rise, averaging 13.1 per cent. over the first 10 months of this year, has been recorded in West Germany. Crude steel production amounted 41,164,000 tonnes in this period and the confident forecast made by producers in the summer that they should achieve an all-time record of around 48m. tonnes this year looks just possible. They will certainly come close to the target.

There is some concern over the medium-term prospects among West German steelmakers, however. The main reasons for this are that exchange rates tend to benefit some of their important competitors, such as the U.S., Britain, Japan and Italy and that they are paying high prices for coking coal. The differences between the West German and world price of coking coal is only partly covered by Government subsidies.

One effect of the currency changes is that there has been a sharp rise in comparative wage costs. Steel industry wage costs in Italy, for example, are only half those in West Germany, those of France were about 70 per cent., and Britain 60 per cent.

In France steel production in the first 10 months of the year amounted to 20,739,000 tonnes, an increase of 4.3 per cent. on the same period of 1972. Here again, there appears to be every chance that producers will achieve an output figure for the year above last year's total of 24m. tonnes.

Of the other big producers in Europe, Belgium, with an output total of 12,718,000 tonnes in the first 10 months of the year, was on much the same expansion track as the U.K., registering an increase of 7 per cent. The

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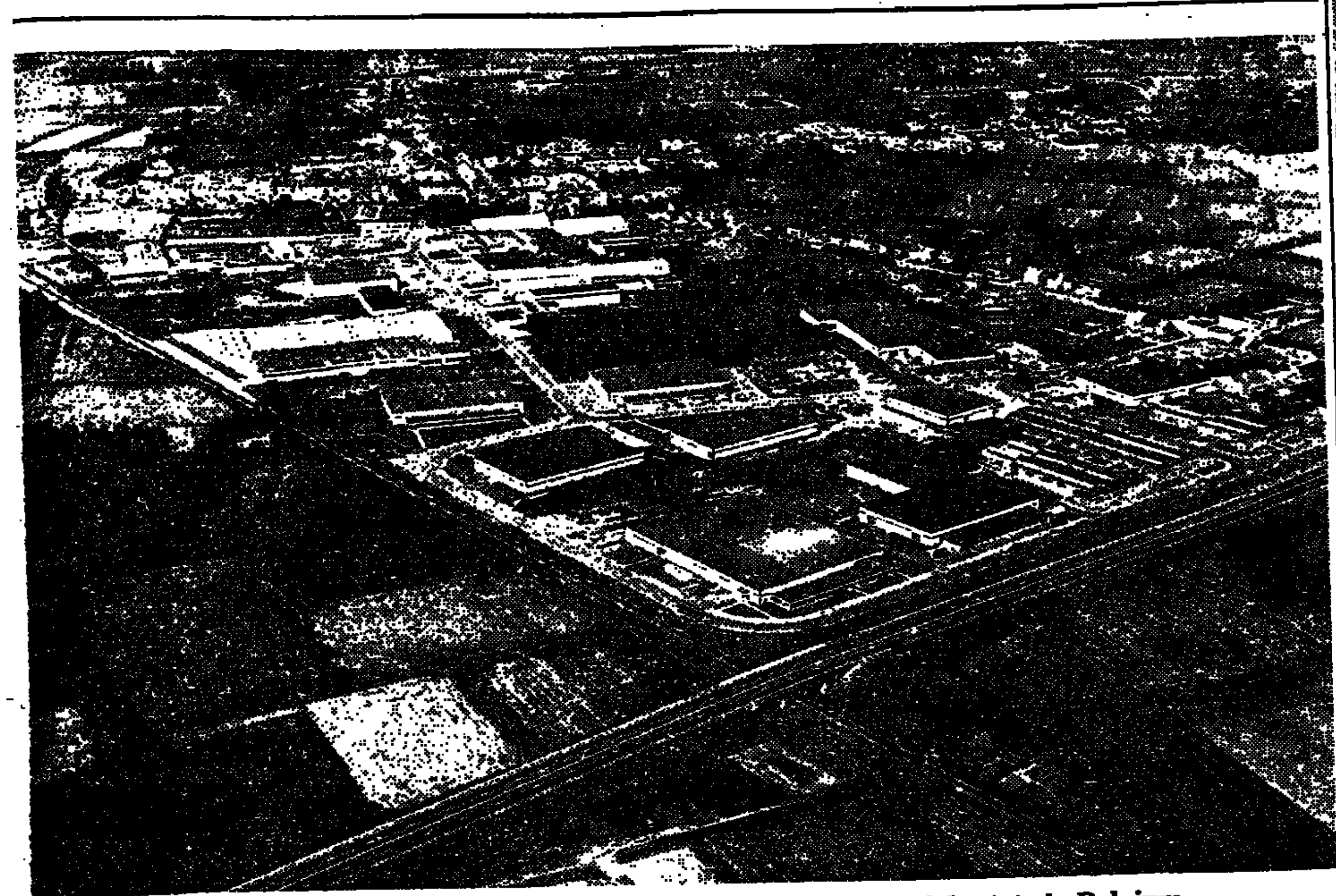

Slough Estate's Europark Estate outside Brussels, the largest industrial estate in Belgium.

Big increases in overseas investment

By PETER RIDDELL, Property Correspondent

The increasingly international nature of the property markets in the main European countries has been underlined over the past year with a further big increase in the amount of overseas investment in property schemes. This expansion has derived primarily and most noticeably from Britain, but there has also been an increase in the overseas activity of Swiss, German and Italian groups, together with a further expansion by some of the European offshoots of large U.S. organisations. This trend has involved a growth both in the scale and the scope of the investment, with not only more countries but also a far wider range of property and places within those countries being examined for possible property investment.

The increase in scale is perhaps the most spectacular indicator, since after the great burst of activity in 1972 British property activity on the Continent has broadened and been consolidated. Estimates of the overall stake are hazardous since some schemes are not publicised, and the final figure depends on whether cost, current value or completed value on projected rents is the criterion.

But even on the the most conservative approach the total value of British property holdings on the Continent must now be well over £1,000m. and probably much nearer £1,500m., and obviously considerably more on an investment basis. Much of this was arranged between the spring of 1972 and the spring of this year, and there has been a noticeable slowing down in the last few months—partly for the obvious reasons of consolidation since a number of companies at present have about as many projects in the pipeline that they can handle in the short term.

Serious basis

Another factor is that the initial burst of enthusiasm has tended to wear off slightly as the numerous companies which went over for a "look" at the various local markets have tended to be thinned down to those actually interested on a serious basis. This has been underlined by the increasing competition and drop in investment and development returns. Moreover the rise in interest rates and credit restrictions in most European countries has tended to act as a further brake. This has, however, meant only that the rate of expansion has fallen, while there is still a comparatively high level of overall investment — certainly compared with the period before early 1972.

In line with this expansion there has also been a broadening in the range of companies active on the Continent. While the running is still being made by a number of familiar and well-known private groups or medium-sized public companies—such as Heron Corporation, English and Continental, Mackenzie Hill, Lyon Group, London and Overseas, Reamhurst, Chesterfield Ronson, Argyle Securities, Raglan Property Trust — the list of major groups not involved overseas has been falling rapidly. In the last 12 months large expansion programmes on the Continent have been announced by MEPC, St. Martins, Artagen and Amalgamated Investment. Some of these are new entrants to the Continental property scene but others have considerably expanded their programmes.

Higher yields

The most significant recent trend, however, has been the increasing institutional interest, from insurance companies, pension funds and property bonds. The higher yields and apparently good growth prospects in many Continental cities have attracted a number of funds to look at the situation there, but until recently the level of investment was comparatively small. This is partly because many funds have not found anything which fits with the tight criteria upon which they insist. However, the situation is now changing as the institutions become more familiar with the various property markets and also become accustomed to the different forms of leases—in particular the three-year break clauses—and the co-proprietor system ("flying freeholds").

Among the most active institutions at present are the large insurance companies such as Commercial Union and Norwich Union and certain pension funds like those of ICI and Unilever, while various funds associated with the joint stock banks are also involved in certain consortia schemes. The property bond activity is illustrated by the sales by Abbey Life, Property Growth Assurance, Save and Prosper and Irish Life. The problem the smaller funds face is that management time and technical and tax problems make investment on a individual basis hardly worthwhile. This explains the ready support among the smaller funds for new funds such as EUPIC, launched under the auspices of Morgan Grenfell in the U.K., and the new Property Unit Trusts investing on the Continent.

But apart from the straightforward investment situations, U.K. institutions also seem likely to become involved in an increasing number of developments either via partnership schemes or on a pre-funding basis. This is partly explained by the fall in investment yields by possibly 1 to 1.5 points in many EEC countries in the last year, but is also as the result of the pressures on developers from the steep rise in interest rates this year.

It is worth remembering, though, that Continental institutions are already actively involved in property development in other countries. The German banks are particularly active in this area in Belgium and Holland and certain Swiss institutions have bought projects both there and in France.

This broadening of interest has also been reflected in a movement away from a concentration on office development and investment only to include other property activities. The most striking change here has been the increasing interest in speculative industrial development. Up till now the tradition in most EEC countries has been for industrialists to own their premises but, as with the office sector a couple of years ago, a letting market has been beginning to emerge recently in the industrial sector.

This has occurred first in France where a number of schemes around Paris have been letting very quickly, which is being taken as a sign of a large pent-up demand from local French companies for, in particular, warehousing space. The next in line is Belgium and several projects are now coming out of the ground near Brussels though it is too early yet to say what type of demand there will be for rented space.

The gradual acceptance of renting in areas where it has previously been unfamiliar is one of the major results of this growing international influence in the EEC property markets. But the main unresolved question is whether local, as opposed to international, tenants will be prepared to accept the rent levels which are likely to be asked by the British developers—rents which are in some cases significantly higher than have been asked previously.

There has also been an increase in interest in shopping investments and developments, though the scope for overseas activity is much less because of the much tighter hold of local groups on the market and the power of shopkeepers' lobbies in a number of EEC countries. However, some British groups have been acquiring shop investments in prime shopping positions in certain cities—most noticeably in the Kalverstraat in Amsterdam.

But against the background of this growing scale and range of activity has been a widening in the geographical spread of investments. In part, this has meant expansion within countries where British developers are already active. For example, in Holland several companies are now looking at schemes in eastern Dutch towns, such as Arnhem, while in France there has been spread not only to the outer edges of Paris and its new towns, but also to provincial cities such as Lyon and Lille. In the latter there are already 21 British-owned developments and given the size of the office markets in these towns there is clearly a limit to the amount of space they can absorb.

But there has also been a movement into new countries—in particular Germany. A year ago, a couple of projects had been arranged there by British groups (though far more by Swiss companies) and indeed the high level of interest took some time to materialise into actual deals. This is partly because the market is much tighter than in other Continental countries with a lower level of returns but also because of difficult financial conditions.

Financial problems

Nevertheless, a growing number of schemes have been acquired, and while some of the initial interest was directed mostly at Frankfurt, the limitations of that market apart from the very best positions have been appreciated. There is now a spread of activity among a number of German cities such as Hamburg, Munich, Stuttgart and Dusseldorf.

The latest place to attract attention on large scale is Spain. While half a dozen or so developments have already been arranged there by the British a large number of developers and agents are thinking of expanding there. But financial problems and doubts about the size of the market are holding some companies back.

Apart from the question of where these international investors will turn next, the main question at present is how the much tighter economic and financial environment in most of the EEC countries will affect the success of these schemes, especially as a number are now coming up to the letting stage.

CONTINUED FROM PREVIOUS PAGE

IRON AND STEEL

difference, however, is that this percentage rise is more likely to be sustained over the full year.

Italy, in the first half of this year, was very badly affected by labour disputes, and it seemed that production might actually fall over the whole year. An improvement in recent months has led to an overall increase in production of 1.8 per cent. over the first 10 months of the year, with a total of 16,924,000 tonnes produced and the full year's output should end up around 20m. tonnes.

Although relatively small tonnages of steel are produced in the other countries of Europe (Spain, with a 10-month output total of 8,740,000 tonnes, a rise of 12.6 per cent., is coming up fast, nevertheless), all of them with the exception of Denmark look likely to raise production over the whole year.

For most of this year demand for steel world-wide has been so strong that there has been little competition between producers. Steelmakers have also been able to take advantage of the opportunity to raise prices to more economic levels, even the U.K., although the British Steel Corporation would have liked something more than the 11½ per cent. rise brought in last month.

Because of the strong demand exports between countries have tended to slacken, and where overseas supplies have been made available premium prices have been asked and obtained.

It is clear, however, that if economies do turn down early next year competition will intensify among the European steelmakers. In this situation, the U.K. producers, still producing cheaper steel than most Continental competitors, could still have an edge.

The danger for the U.K. steel industry at the moment, however, is that it will miss out on what remains of the boom because of the coal and rail disputes. This could lead to accelerated steel plant closures, and a low level of profitability.

FREIGHT TRANSPORT

EUROPE XX

Struggle to achieve a common policy

By COLIN JONES

The Community's relatively slow progress towards establishing a common policy for transport contrasts sharply with the importance the founding fathers evidently attached to the issue 16 years ago. Only three common policies—agriculture, external commerce, and transport—are mentioned in the Treaty of Rome, and only two—agriculture and transport—are honoured with a separate title.

It used to be said that transport was one of the "foundations" of the Common Market. The Six felt that agriculture was sufficiently important to warrant being treated separately from the general provisions concerning the free movement of goods. Likewise, in was thought that transport should be separated from other services, although it was not exonerated from observing the general objective of freedom of movement for the service sector.

It is a foundation that has yet to be built, however. The agricultural policy may not suit all tastes but at least the Community can claim that it has one, which is more than can be said about transport.

True, a variety of measures have now been adopted. Discrimination in transport fares and charges has been banned. A modicum of liberalisation has been injected into the movement of freight across frontiers by road. A set of common rules has been introduced governing working conditions in road transport. And, among sundry other matters, an attempt has been made to harmonise the way Member States compensate their railway systems for the public service obligations they bear.

But by no stretch of the imagination can these measures be said to add up to a comprehensive common policy. Indeed, the "compartmentalisation" of national transport policies has if anything increased, rather than been reduced, since the Community was created.

Part of the trouble, admittedly, lies in the extensive and diverse nature of existing national policies for transport. Every Government is involved in decisions about the location, financing, and the layout of new roads, railways, canals, or airline services. They are all want to lay down standards about safety, noise, pollution, and so forth. And most Governments exercise an influence of some kind over transport fares and charges, determine the conditions of competition between and within the various modes of transport, and impose obligations on different types of carrier.

On the Continent, the tradition of State intervention goes back some way. Because the railway systems were largely built with Government—rather than private—capital, they have always been regarded more as instruments of public policy than as free-standing commercial ventures and, when road haulage first emerged as a potential major rival, they were always given a much greater deal of protection than was ever attempted, or even envisaged, in Britain.

The facts of geography have also encouraged an interventionist bias on the part of Governments. Long land frontiers meant that new railways could serve military purposes, and that transport charges could promote national trade objectives by incorporating a structure of steeply tapering rates which penalised imports and aided exports. At the same time, national carriers by rail, road, canal or river—including Rhine shipping—needed to be protected from competition from the same or other modes from across the border.

All these factors meant that, when the Common Market was started up, there was a highly complex background of national transport policies differing widely both in extent an[d] detail. Up to a point, the s[ame] could also be said about nati[onal] systems of agricultural sup[port] but, whereas the Six [were] eventually able to muster [the] effort to thrash out a singl[e set] of common policies, they [were] never quite able to summo[n] the same degree of political [will] over transport.

True, they managed to a[gree] on the so-called "mini [pro]gramme" of 1967-68, after [the] French had ended their [walk] out and some six years afte[r the] pioneering Schaus mem[oran]dum in 1961 outlined the [pos]sible scope of a common t[rans]port policy.

But not even this pac[kage] deal has yet been fully ir[nple]mented. The council has m[erely] adopted, as the Commi[ssion] recently remarked, "partial [and] limited measures extracte[d at] intervals from the Commiss[ion's] proposals. The Commu[nity] needs instead," the Commis[sion] went on to argue, "to work [out] an overall approach enabli[ng it] to respond, in the medium [and] long terms, to the requirem[ents] of a society and an econ[omy] which are in the midst of [pro]found change."

This is the task to which [the] Commission has now set [its] hand. The October 1972 [Paris] summit meeting in Paris [and] the Community's enlargen[ent] last January provide the op[por]tunity, the Commission is [argu]ing, for a renewed attemp[t to] push forward towards a com[mon] policy on transport. The i[deas] outlined in a Commission [dis]cussion paper for the Council meeting of Trans[port] Ministers in November wer[e in] some respects still somev[hat] sketchily worked out, as [the] Commission would itself be [the] first to admit. But the b[asic] idea is to broaden the appro[ach] while at the same time ret[ain]ing some of the Commissi[on's] earlier ideas.

In essence, this means plac[ing] somewhat less emphasis u[pon] trying to get harmonisation [in] detail all the way down [the] line. Wholesale alignment [of] national régimes for transp[ort] poses too many difficult[ies,] raises too many political ser[ensi]tivities, and is thus not ve[ry] likely to succeed. Instead, [the] Commission would prefer to c[on]centrate on certain asp[ects] where it feels there is [both] an opportunity and a need [for] a Community approach.

One obvious area is in[vest]ment in new transport ir[fra]structure. The Six had alre[ady] agreed in a Council deci[sion] back in 1966 on the need[...]

Continued on next page

THE TOBACCO INDUSTRY

Little agreement within the EEC

By SANDY McLACHLAN

Harmonisation problems bedevil a good number of European industries, but there cannot be many areas where the future difficulties involved in harmonisation are greater than in tobacco. Already the U.K. tobacco industry has made some concessions towards EEC regulations—for example the unwinding of the long-standing trading agreement between Imperial Group and British American Tobacco—but the real horse trading, which will involve all nine countries in hard negotiating, is yet to come.

At the centre of the harmonisation debate is, of course, taxation, and if everything goes according to schedule each of the nine countries will be taxing tobacco products on a unified structure and at the same rates by 1980. However, standardisation is needed also in the structure of the various tobacco industries—for example, France and Italy still operate state monopolies, in the approach to smoking and health, and in the regulation of promotional and advertising activities.

Taxation, however, is fundamental, since in all the nine countries tax represents a substantial proportion of the total retail cost of the product. Not surprisingly therefore the development of the tobacco industries in the nine countries has been substantially influenced by the system of taxation adopted, and by the same token any major change in the taxation structure will affect the future development of the industry.

Point at issue

The main point at issue here is the split between specific tax and *ad valorem* tax which varies considerably from country to country. At one end of the spectrum the U.K. relies very heavily on specific taxation, while at the other French and Italian tobacco taxation is predominantly by value.

When the duty is levelled as so much per pound as it is in the U.K. there is a tendency to use more expensive tobacco, and also to concentrate on smaller cigarettes. This accounts for the high proportion of Virginia flue-cured tobacco used by U.K. manufacturers as compared with the darker air-cured tobacco which is the mainstay of the French tobacco industry.

At the end of the day the U.K. industry hopes that the compromise solution on tax harmonisation will be no worse than a 50-50 split between specific and *ad valorem* taxes, but even this would have a considerable impact on the relative prices of different types of cigarette. In the U.K. king size cigarettes would become a little cheaper—hence the number of new king size brands being launched by the manufacturers—but the most noticeable change would be much increased competitiveness in the U.K. of the other European brands, such as Gauloise, which use the cheaper tobacco.

A side issue to the taxation debate which is of particular relevance to the major U.K. obacco companies is resale price maintenance. As *ad valorem* duty tends to imply a fixed retail price, but it is unlikely that the U.K. government would be prepared to return to a system of retail price maintenance for cigarettes and tobacco even although it exists in the other EEC countries. Unless some compromise is reached on this issue it could lead to a situation where the U.K. manufacturers are subject to price competition in their home market without the opportunity to retaliate in other markets

Both the French and Italian monopolies have come under fire from the EEC Commission for practices which are out of line with the Treaty of Rome, and both have agreed to abandon most of their monopolistic practices over a period of time. The Italian monopoly has already been weakened to some extent through an agreement with Philip Morris, which now has its brands marketed in Italy, but the French monopoly SEITA is still firmy entrenched.

With the swing towards lighter tobaccos by French smokers (who now include an increasing number of women) the French market would be a natural place for expansion by both British and German tobacco companies—all of whom eye the French market place with some envy. Until the monopoly goes, however, there is little opportunity to break its hold since it controls distribution of all brands and has wide powers ranging down to the right to vet promotional material of other tobacco groups.

Factors such as these are the main ones interfering with competition across national boundaries in Europe for the tobacco industry, but there are other subsidiary problems which also have to be overcome. The whole theoretical foundation of the EEC rests on equality of competition between companies in different member States and to this extent fulfilment of the basic aim should involve standardisation of all official measures which affect such competition.

From this point of view tobacco is in a unique situation. Because of the revenue aspect it tends to be a touchy subject with governments, and this difficulty is compounded by the health considerations involved. For example restrictions on advertising imposed for health reasons also have the effect of inhibiting competition from new entrants to the market since they make it difficult to mount a serious challenge to established brands.

Biggest worry

This is the background against which the European tobacco industry must operate over the next few years. For the U.K. companies the biggest worry is that in terms of taxation, resultant smoking habits, and marketing techniques there is a big gulf to be bridged between themselves and the original EEC members in achieving harmonisation. The situation will inevitably end in compromise, but it will be a

The original EEC countries will also have to make concessions and they face the prospect of determined competition from the U.K. tobacco groups when the ground rules are finally set. BAT, of course, is already firmly established in Continental Europe and its problem is getting a base in the U.K. The creation of Rothmans International by the merger of Carreras with the other European tobacco interests of the Anton Rupert empire has on the other hand produced a truly *European tobacco group.* Imperial starts with the advantages of its broad base, financial strength, and domination of the cigarette market, while Gallaher is armed with the muscle of its U.S. parent company American Brands.

Differences of opinion

By DAVID FISHLOCK, Science Editor

Uranium enrichment is the nuclear theme that has preoccupied Europe for the first year of the enlarged EEC. The objective has been perfectly clear: to make Europe independent of the U.S. in this vital ingredient of nuclear fuels. What has been in dispute is how this should be done within the resources of Europe. The dispute has been between those who say that the way to compete in the complex and costly technology of enrichment is to play safe and settle for an updated version of a technology already well established in the U.S. and also in Russia, and those who believe Europe must take a leap forward, even if it means a bigger technical risk.

France's public position is that it has an enrichment technology at Pierrelatte, developed for submarine fuel and nuclear explosive, which can be turned into a large and competitive commercial operation. The process of gaseous diffusion has been developed on a scale big enough to convince the French that no unknown factors remain. A gaseous diffusion plant of optimum size, about 9,000 tonnes, together with the 2,400 MW of power to drive its compressors would cost of the order of £750m. For the past two years France and seven other European nations in an association called Eurodif have been studying the Frence proposition. This year, having convinced themselves that the basic proposal was sound, five member nations—France, Spain, Italy, Belgium and Sweden—have proceeded to such questions as where, how and for what price a big gas diffusion plant might be built.

Original eight

Three of the original eight members of the Eurodif study, however, withdrew earlier this year. For Britain, West Germany and Holland the first year of the study had disclosed nothing to shake their conviction that they had a rival technology better suited to Europe's attempt to break the U.S. monopoly of the world enrichment market. They had a technology that needed only one-tenth of the power required by the energy-hungry diffusion process, and the first year of the Eurodif study had disclosed no more original idea for obtaining the power for a European diffusion plant than to build nuclear reactors. The dissenting nations also believed that they had a technology which, although perhaps one-third more expensive in capital cost than diffusion, if one excludes the investment in power was more easily matched to the market. The investment could be allocated against orders, and would not have to be made in one big speculative commitment, as must be the case in the Eurodif project.

Prime mover

France, as prime mover and chief shareholder in Eurodif, acknowledged the logic of the claims of the rival tripartite gas centrifuge group. It acknowledged that Europe would probably never build a second commercial diffusion plant; that the centrifuge route would probably supersede diffusion during the 1980s. But it adhered resolutely to its arguments that the centrifuge route was unproven and too great a risk technically for Europe to-day. Only by backing diffusion could Europe count on a large independent source of enrichment by the end of the decade. Without such a plant, Europe could face a severe shortage of enrichment by the mid-1980s.

By about 1985 the EEC market for uranium enrichment is expected to be worth about £300m. Give or take 10 per cent, or so, there is no real dispute between the Eurodif and the tripartite factions about the size of the market during the 1980s. Where there is a dispute is in whether Europe should be aiming for self-sufficiency in enrichment by the 1980s or simply aiming to safeguard supplies against the crippling kind of external intervention it is now experiencing in oil supplies.

The nature of the diffusion route requires a very large investment decision to be taken right at the outset. For this reason France has been keen to persuade the Community that the Eurodif project should have its backing to the extent that it would stockpile any surplus enrichment arising from the mismatch between the output of a 9,000-tonne diffusion plant and the amount of enrichment Europe's reactors were burning. The tripartite faction strongly opposed the idea, arguing that it could lead to another "mountain of butter" situation, for which it would have to help pay. It argued moreover that it was unrealistic to expect Europe's electrical utilities — the private utilities at least—to replace one monopoly supplier with another; that they would not tolerate the corollary of the stockpile proposal that the EEC should prevent foreign imports of enrichment once it had achieved self-sufficiency in supplies.

In the circumstances it was probably inevitable that the Commission should settle for a compromise that could give neither faction the support it needed to be sure of success. The French declared defiantly that they would go ahead with a big diffusion plant next year, but left unanswered the questions of where, how much capacity, and with whose support. The tripartite faction, with a process that is easy to make work but hard to make economic, gritted their teeth as they contemplated the prospect that without Europe's wholehearted support, superior U.S. manufacturing technology would soon dominate in this as in other sectors of the nuclear industry.

Not the case

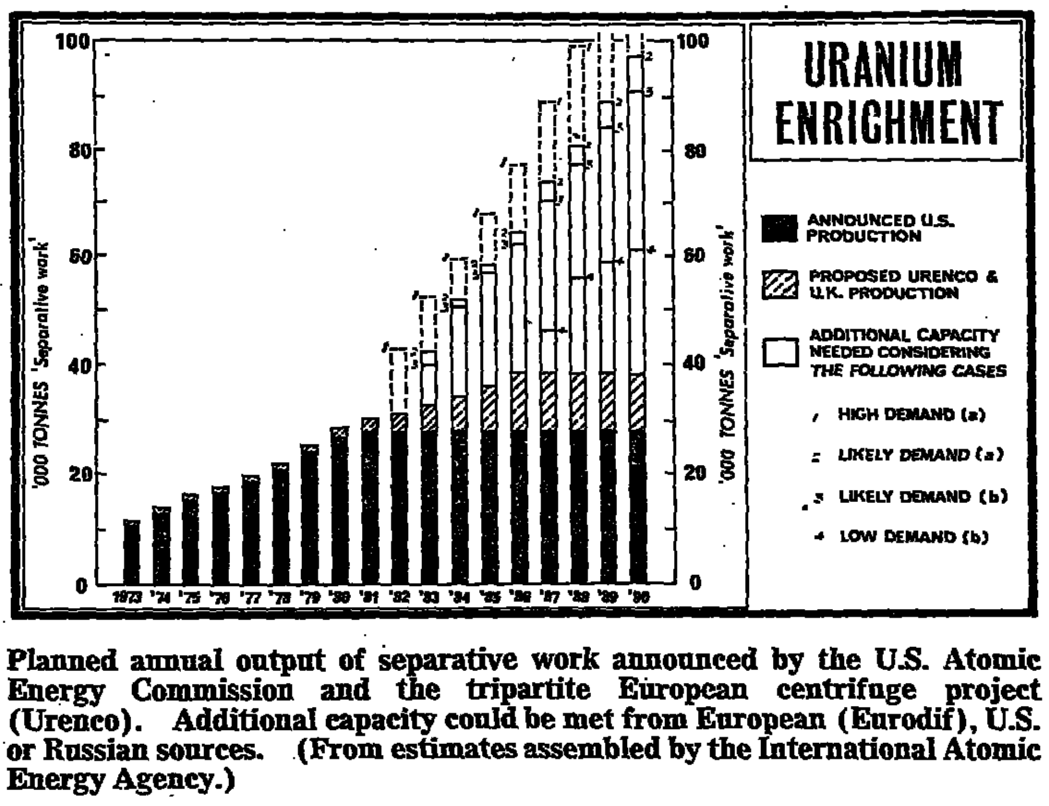
Where the economies of scale for the diffusion process—and in most kinds of process plant—lie in the size of the individual production units, this is not the case with the centrifuge route. Here physical forces dictate that the basic production unit will remain small. A plant capable of matching the output of just one of the three huge diffusion factories of the U.S. Atomic Energy Commission may need as many as 10m. centrifuges, built to a standard of performance and reliability that ensures a lifetime of non-stop spinning of at least several years. The development potential of the centrifuge lies in the prospects for increasing the volume and speed of these machines, and hence their output of "separative work." But the real economies of scale must be sought in the factories assembling the centrifuges.

If Urenco, the tripartite project, is to meet its forecasts of an installed capacity of 400 tonnes of "separative work" by 1976, 2,000 tonnes by 1980, and around 10,000 tonnes by 1985, it must create to the same timescale a new industry comparable in size and output with that for motor car engines. It must assemble machines in similar numbers for a similar price, yet of a performance and reliability far surpassing the motor car engine.

It was in the magnitude of this problem of building up large-scale manufacture from scratch that the tripartite partners looked for understanding from other EEC nations. They pointed to the fresh surge of interest in the U.S. in the past two years, reflected for instance in statements from leading nuclear industry figures flatly contradicting earlier efforts to discount competition from the centrifuge; and also in the sharp increase in share price of Electro-Nucleonics, a small New Jersey company specialising in centrifuge technology. They pointed out that once such companies as U.S. General Electric and Westinghouse Electric were given proven design of centrifuges, their skills in putting advanced technologies into mass production would overwhelm the competition from Europe. Within a few years the U.S. would be reaping greater economies of scale from the centrifuge route than Europe could offer.

The pleas of the tripartite partners fell on deaf ears in Brussels. For one thing, for the Commission to recognise the justice of Urenco's case would have been to acknowledge grave doubts whether European manufacturing industry could compete on equal terms with the U.S. But the tripartite partners were probably also paying the price of their exclusivity in the formative years of their "club," and the ruthless way they excluded such nations as Italy and Belgium, both of which — and France also — claimed some prior experience of the gas centrifuge.

The tripartite case for their exclusion was that their experience did not match the experience of Britain, West Germany and Holland, and a collaboration with as many pitfalls—technical, economic, diplomatic—as this would increase its chances by minimising its members until a commercial operation had been launched.



Planned annual output of separative work announced by the U.S. Atomic Energy Commission and the tripartite European centrifuge project (Urenco). Additional capacity could be met from European (Eurodif), U.S. or Russian sources. (From estimates assembled by the International Atomic Energy Agency.)

CONTINUED FROM PREVIOUS PAGE

FREIGHT TRANSPORT

consultation on projects of major Community significance. The Commission would now like to see the consultation procedure becoming more systematic—not so that it might override the sovereignty of national decision-taking but so that it can ensure that the wider implications for the Community's transport arrangements are fully considered. The more obvious examples are new Alpine crossings and the Channel Tunnel. In the case of the Chunnel, the Commission's interest lies primarily in assessing the implications for port and other transport investment in neighbouring member States.

Another important aspect is the inter-relationship between transport policy and other Community policies, such as for industrial, social, regional, environmental and energy questions. This is still relatively virgin territory and much will depend upon how these other policies develop—for example, the size of the Community's regional fund has obvious implications for transport infrastructure investment and its financing.

In the case of social policy—"putting a human face on the Community"—there is already a social element in the existing regulation governing working conditions in road transport. The Commission is now proposing to follow up with similar proposals for rail transport and inland waterways. But the proposed second regulation for road transport, which the Commission put forward in order to supplement the existing set of rules, now seems likely to remain in abeyance until standards of enforcement become more even throughout the Community.

Then, most crucially, is the whole question of how Europe's transport market should be "organised." The Commission's long-term objective has always been to promote "freedom of movement" so as to maximise users' choice while ensuring reasonable stability for transport operators. But it is now giving rather less emphasis to the role of particular instruments like capacity and tariff control. Quantitative restrictions on road haulage capacity and a system of bracket tariffs within which operators would be free to compete are seen as essentially interim steps, necessary only to bridge the gap between the detailed capacity and tariff controls practised by some Member countries, such as France and West Germany, and the more open system the Commission eventually wants to achieve.

This does not mean that the Commission believes in laissez faire. Intervention will still be required to promote safety, protect the environment, and to eliminate discrimination by the distortion or manipulation of transport charges. But in general it prefers to see market forces become the tools of transport policy rather than cumbersome, bureaucratic controls, and to concentrate upon getting the competitive "groundrules" right.

Intervention may still be considered at times of substantial imbalance between supply and demand. But, generally, the Commission would prefer to concentrate upon quality control—the insistence upon certain minimum professional and financial standards for access to the occupation of carriers—and what it calls economic transparency. In other words, carriers should be expected to bear their proper share of the full external and internal costs of the infrastructure they use.

This means calculating the environmental or social costs as well as the purely financial costs of new road, rail or other infrastructure, allocating them to different transport users according to the demands they make, and devising a system of vehicle and/or fuel taxation which recoups these allocated costs from users.

However admirable this may seem in principle, it will clearly be some considerable time before it can be fully applied in practice, as the Commission itself recognises.

The new approach to a common policy could also run up against national interests or difficulties just as easily as before, as the continuing Anglo-French impasse over maximum axle weights for commercial vehicles (and over the share of the Community quota of haulage licences to be received by the three new Member countries) is currently demonstrating. But in many ways the new approach represents a more promising and a more imaginative assessment of what the Community's role in transport policy should be about than the Commission had previously conceived.

Consumer nations begin to have their say

By KENNETH GOODING

If the original idea behind the European Community was that trading links between the partners should be strengthened, then wine provides tangible evidence that this has been achieved. When the original members of the EEC started to tear down protective tariff barriers between each other and instead strengthen them against non-member "third" countries the effect was immediate.

Just before the original EEC members sorted out their "common market for wine," in the 1969-70 season, trade between the countries involved totalled 5.87m. hectolitres of wine. In 1970-71, after the barriers were removed, the total soared by 70 per cent. to 9.99m. hectolitres. If you look at the other side of the coin you find that during the same comparative periods, imports to the EEC from "third" countries fell by 77 per cent. from 13m. hectolitres to 3.1m. hectolitres of wine.

Now the trade in wine between the producing countries has much to do with what kind of harvest the individual countries enjoy during any particular year. But the trend shown by the statistics is such a strong one that any distortions caused by harvest conditions cannot really obscure the pattern.

Tariff barriers

The original EEC members did not protect their wine interests by way of tariff barriers alone. The regulations do not allow the blending of Common Market wines with those from "third" countries. This particular ban had a tremendous impact on one "outsider" in particular—Algeria, which had built a post-war wine business mainly as an adjunct to that of France whose producers were very happy to take Algerian wine to add body to some otherwise pretty unpalatable vin ordinaire.

The non-blending regulation also tended to hit outside producers of low-cost wine, the very countries already suffering from the tariff barriers put up by EEC countries. The tariffs are generally fixed at too low a level to have any real impact on higher-quality wines.

There is no doubt at all about which country has benefited most from the Common Market for wine. Once again statistics tell the story. In 1969-70 the quantity of Italian wine exported to France reached just under 1m. hectolitres (989,000 to be exact). The following season, after the new EEC regulations had come into force, Italian exports of wine to France totalled just over 4m. hectolitres—a rise of 311 per cent.

Italian exports

Move on a year and we find that during 1972 Italian wine exports to the U.K. were up by just under 100 per cent. in clear anticipation of Britain joining the Community. Figures for the first seven months of 1973 show that Italian wine sales in the U.K. soared another 97 per cent. Admittedly, this seven months represented a boom period for sales of all types of wine in Britain but even so the percentage gain for all wines at 42 per cent. represented less than half the progress made by the Italians.

One reason the Italian wine industry has been able to reap the harvest which ripened within the EEC was that it used the years from the mid-1960s onwards to get itself into better commercial shape.

Its biggest problem before that time had been the fragmented shape of the wine trade. There were too many bottles and not enough volume of each type to make them worth promoting on any scale—and the wine trade had taken to marketing "brands," often not just in one country but in several. And even with Italy as the world's largest producer and exporter of wine (although this year France's tremendous harvest might take her temporarily to the top of the producers' list) there were comparatively few large Italian wine companies with either the desire or ability to export. In 1972 out of 1,540m. gallons of wine produced only 187m. gallons or 12 per cent. was exported compared with France's record of 40 per cent. exported.

The other important factor for the Italian wine trade was the enforecement of new laws, dating back to 1963. Controlling (or protecting) the Denomination (name) of Origin of Italian Wines. DOC wines, like the AC (Appellation Controlée) wines from France, are produced in a certain area from specific vineyards from specific varieties of grapes in the right proportions and then vinified, aged and bottled according to DOC regulations.

The DOC description is reserved for wines of "particular reputation and worth" and by the middle of 1973, some ten years after the laws came into effect, 105 Italian typical wines had been awarded DOC and 21 had been refused.

The old EEC had six members, four of which produced wine: France, Italy, West Germany and Luxembourg. So it was natural that the common wine market regulations should have come from what one British wine shipper recently described as "a well-oiled, smooth-running, producer-orientated machine."

But since the Community was enlarged the situation has changed dramatically, at least in theory. The new EEC has nine members but still only the same four who are wine producers. So the Market has changed from one that is producer-orientated to one that should be consumer-orientated.

The British wine trade, much of it backed or owned by the tremendously powerful brewers, has been hammering at this particular point ever since it joined the discussions at Brussels as a club member rather than as a would-be applicant.

It is undoubtedly true that some Common Market wine regulations work against the interests of the consumer, for it was the producers and growers who had a stranglehold on those who framed the wine laws of the Community. Britain's wine traders have been working hard to make sure that the producers are not overprotected because one way the producers could be given an advantage would be for import duties and tariffs to force non-EEC wines to become more and more expensive.

This is particularly important for the U.K. which imports only 30 per cent. of its wine from Common Market countries. The Wine and Spirit Association, representing the British, claims some victories already. It has succeeded in persuading the Commission that the levels of reference prices, particularly for fortified wines (mainly port and sherry), and wines sold as Riesling and Sylvaner were far too high.

But the campaign by the EEC newcomers will take hard and tenacious work. The problem remains that the four producing countries are also the four largest consumers of wine in the Community. France last year consumed 150 bottles of wine per head of population, the figure for Italy was also 150, for Luxembourg it was 60 and for West Germany 40. Far behind come the non-producing countries. Belgium, 25 bottles per head, Holland 15, Denmark 10, the U.K. 7 and Ireland 2.

Even if France and Germany remain on the consumption plateau they have been on for the past few years and the boom in Britain continues (consumption should be nine bottles a head for 1973) the gap remains enormous.

Some impact is being made, however. One French producer in Brussels was heard to say when discussing the wine regulations recently: "Since the British joined the Market nothing gets done." What he really meant was: "Since the British joined, the wine producers do not have it all their own way."

TOURISM

All change in the holiday business

By ARTHUR SANDLES

Once upon a time the tourist patterns of Europe were clearly defined, and seemed to be unchanging. The flows of traffic grew in size, but the directions were immutable . . . well, let's say they gave the impression of being immutable. But many a rock has been swept aside by the tides of currency changes, Middle East war, and threats to fuel supplies, and this has certainly happened in the case of tourism.

The beginnings of a major change in basic tourist thinking were to be seen 18 months ago. At that time the steady flood of Americans coming to Europe showed some signs of a slowdown. European post-war tourist development, particularly in the more expensive end of the market, has been designed for American traffic. Capital city development, of which London is the prime example, has been heavily concentrated on U.S. tastes. At the start of 1973 the faltering growth of American tourist trade turned first to a complete halt and then went into reverse. Fewer Americans have travelled abroad this year than in 1972, and tourists' destinations of the world have felt the effect.

The Americans stopped travelling for a variety of reasons, not least the wobbly situation of the dollar early in the year, but also partly because of domestic uncertainty in the midst of Watergate.

Ripple effects

The dollar's mid-summer problems were, of course, reflected in currencies throughout Europe and there were ripple effects in all manner of places. On the Channel ferries the number of cars leaving Britain for the Continent rose, but by little more than 5 per cent. The growth in traffic from Europe into Britain was well over twice that level. This reflected the relative cheapness of the U.K. for Europeans as the gradual devaluation of the pound took its toll. A similar result could be seen on the other side of the EEC. West Germans pointed their Mercedes and Volkswagens south and went straight through their traditional holiday destinations in the Austrian alps to the more financially welcoming lakes and mountains of Italy. As the lire tumbled and the mark soared, so the traffic to Italy increased, not only from Germany but also from traditional tourist source countries as Britain and Holland.

The increasing relative prosperity of the West Germans has now made them the dominant force in European tourism without a doubt. British tour operators have considerable difficulty in competing with the Germans in the purchase of bedspaces in Spain in particular.

The sudden switch in custom has meant that countries throughout Europe are now looking at their tourist performance much more carefully. German and Austrian hoteliers in particular have been protesting strongly to the authorities for some assistance and tax relief in what is now regarded as a crisis situation as room occupancies fall off. The French saw their problems arising much earlier in the game and have been countering any increasing eagerness on the part of their nationals to travel abroad with substantial domestic investment in tourism. The British, too, with the now completed Hotel Incentives Scheme, strove to equip for the new tourism and have been increasing the budget of the British Tourist Authority for promotion abroad.

But it is perhaps the French who have been playing the canniest game. Like other European countries the major magnet for French travellers is Spain. What the French have done is to neglect the roads that lead to the Spanish border, with the result that actually getting into Spain from France can be an extremely sweaty business in the peak month of August, but the French have also encouraged extensive leisure investment on the roads to the Iberian peninsula. Languedoc-Roussillon lies on the route from the heavily populated Mediterranean seaboard to the Costa Brava, and the new project, Aquitaine, straddles the road that runs down the Atlantic coast.

The French have also spent vast sums of money opening up their Alps to make sure that the growing band of French skiers do not head for rival slopes, a move which caught the Austrian's on the hop and to which the Tyrol authorities now show some signs of reactı All this has not been done wi out some reaction. In Aquitaı there is evidence of local rese ment against the invasion Paris capital and people. in t Alps there has been an ecolo cal lobby backlash which l proved a minor embarrassme to the Government.

New awareness

This new awareness of t significance of tourism in bo national and regional lives a budgets is likely to fil through to Brussels and soı central decisions on touri activities may come from t Common Market in the not t distant future. Initially the may concern themselves w the activities of travel ager and tour operators, but the is little doubt that eventua the path will lead to such the patches as hotel registration a classification, a subject wh has proved too awkward for t British Government to tac. with much enthusiasm.

Already various arms of t travel business are organisi themselves on a European-w. basis. The airlines, the ho industry, ground arrangeme companies, and the tour ope tors have all strengthened the European links and begun organise themselves to do bat in Brussels.

But all this is likely to ha little effect in the immedi future. For the moment, t European travel business fac a year in which forward pl ning must surely be extreme difficult. It is a year in whi a great many companies w fall back on the old manager technique of steering by the bottoms.

About the only thing one c say with any measure of cc viction is that domestic touri should have a very good ye —that is Britons holidaying Britain, French in France, t Germans in Germany. F whatever the effect of fu shortages and money crisi there is considerably mo leisure time throughout Euro than there ever was in the pa Evidence of this boom domestic holidaymaking already apparent in mai countries, not least Britain. It evidenced in a variety of way from fully booked holiday cam and river boats to a risi demand for second homes. Th only factor which is likely upset that trend is reall severe European unemplo ment. And no-one, for th moment at least, wants partic larly to consider the implica tions of that prospect.

Options for a sharp change of course

BY ANTHONY HARRIS

[C]HANCELLORS FREQUENTLY [co]mplain that theirs is a vir[tu]ally impossible task; but, com[pa]red with the difficulties [fa]cing Mr. Anthony Barber to[da]y, *the usual job of balancing* [va]rious sectional claims against [ea]ch other and balancing the [po]pular demand to have more [an]*d more services against the* [po]pular reluctance to pay for [th]em is kindergarten stuff. This [ti]me, mistakes could be really [da]ngerous, not just uncomfort[ab]le; yet the information for [so]und judgment simply does [no]t exist.

Although the measures are [be]ing produced in the context of [th]e *emergency*, the need for [th]em has little to do with it. [In]deed, although the emergency [is] politically of some help to the [Ch]ancellor in that the public [no]w expects and even welcomes [h]arshness, it *makes his task* [ec]onomically more difficult. In [th]e situation of three months [a]go, it seemed clear that some [re]duction of the *pressure* of [d]emand in this country would [r]elease capacity for exports and [st]ill leave industry fully [e]mployed: the difficulties were [c]aused by the Government's [c]ommitment to a high-pressure [g]rowth policy and its fear that [an]*y change in this policy would* [u]ndermine the business con[fi]dence which had been built up [a]t such cost. Rather than run [t]*hese risks, the Government* [d]ecided to sustain the pressure [o]*f demand, and pay for the* [i]mports needed to satisfy [d]*emand by foreign borrowing.*

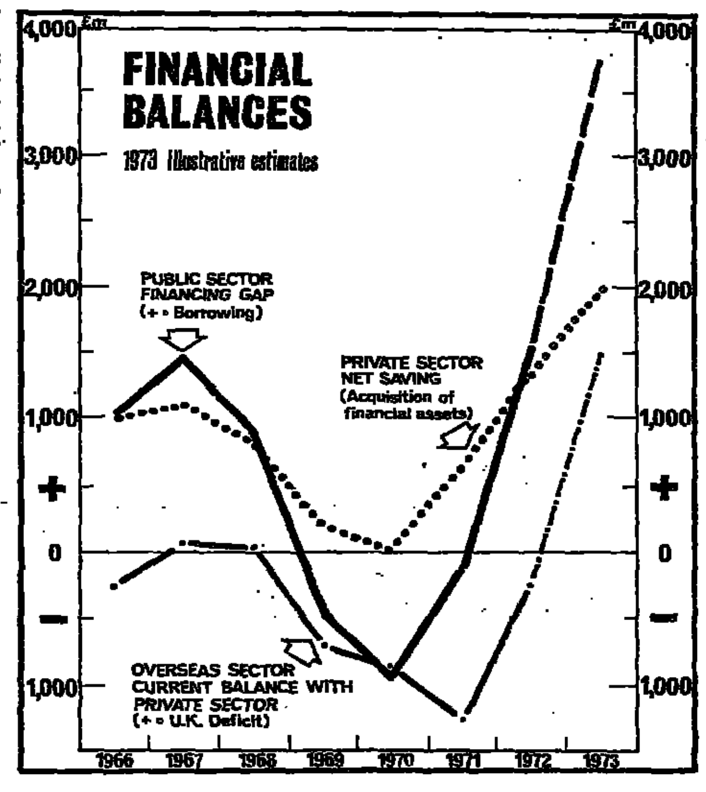
Credibility

This policy ran into credi*bility problems in July;* and the sharp drop in the exchange value of sterling at that time produced a frightening enlargement of the trade deficit, which is reflected in the figures for the past two months. The 67 per cent. rise in the price of oil in October and the continued rise in the price of other essential commodities threatened a still further slide, so that a policy of neglect was becoming virtually unworkable. The Government responded with a credit squeeze, successive rounds of public expenditure cuts, and a tacit understanding that *fiscal* drag—the tendency of tax revenue to rise faster than incomes—would be allowed to do further deflationary work. *These* strategies, designed to lighten ship for the planned run, did achieve one objective: business confidence reached a *peak in October. However,* the trade figures showed that *something* quicker-acting was required: last Thursday's an*nouncement of a £680m.* deficit in two months would probably *have heralded* special action to-day in any case.

In normal circumstances, such figures would simply have called for sharp steps to reduce home demand—the familiar "touch on the brakes," though probably a rather severe touch. A package of measures on these lines has been ready for some months in case of need. The emergency, however, has altered the picture rather drastically. First, it is now clear that output in 1974 is likely to fall rather than to rise—though a modest rise might still be possible if the current labour disputes are quickly settled and if the oil restrictions become no worse, though both are now highly optimistic assumptions. It is equally clear that incomes will drop sharply; but it is not necessarily true that they will drop less sharply than output. This will undoubtedly be so during the present emergency, but in a gentler slowdown companies might well be able to protect their profit margins through economising on overtime and avoiding disruption due to high pressure.

So far as consumer demand is concerned, then, *it is* by no means clear whether the emergency calls for more deflation than was already planned or less; and, since the length of the full-scale emergency is unknown, there is no way of being sure. But consumers are by no means the only important source of demand, and the Chancellor must also allow for the fact that the alarms of the past few weeks must quite certainly have deflated business confidence very sharply. His strategy has been designed to allow room for a large rise in private investment; he must now allow for the possibility that investment will fall sharply instead of rising. In other words, he is trying to reduce demand at a time when there is a distinct danger that, at the end of the emergency, we will emerge into a sharp recession, because of the simultaneous collapse of industrial investment and private house building.

This, then, must be a very nervous deflation, with a strong preference for measures which are quick-acting and quickly reversible. Nor is this the end of the Chancellor's problems. Apart from its effect on the balance of payments, the high prices of oil and commodities are *clearly highly inflationary*—and especially so under the rules of Stage Three, whose preservation has until now been a determined though surely unrealistic aim of Government policy. This means that the Chancellor must wish to avoid any action which would raise the cost of living faster than it is bound to rise for external reasons. Any extra charge on the basics of life would also further inflame trade union feeling at a time when it is clear that, outside the particular confrontations it is fighting, the Government wishes to placate such feelings and follow Sir Michael Clapham's advice to "let the burden fall on the broadest shoulders."



REVENUE FROM TAXATION

DIRECT TAXES AND CONTRIBUTIONS	£m.	INDIRECT TAXES	£m.
Income tax (including high rate)	7,500	Value Added Tax	1,400
Corporation tax	1,800	Oil duties	1,600
Capital gains	100	Tobacco	1,250
Death duties	450	Wines and spirits	650
Stamp duties	250	Beers	500
National insurance contributions	3,800	Tariffs	450
		Betting and gaming	200

Approximate yield, current year

Dangers

Faced with the twin dangers of a possible recession and an unmanageable foreign deficit a Chancellor must itch either to take direct action to limit imports or to devalue; but the first would provoke the dangers of retaliation, at a time when most Western Governments face similar problems, if in less acute form; while devaluation would not only be inflationary but would make the current balance still worse for a period. Indeed, a good deal of our present trouble is probably due to the fact that, as a result of past policies, the pound has depreciated too far—a mistake from which it very difficult to recover, since the depreciation causes the deficit which depresses the value of sterling. Nevertheless, any acceptable action which operates against imports and sets off a benevolent chain of reactions in which an improving balance makes it possible to bid up the value of the pound would be profoundly welcome.

Finally, the Chancellor must wish, as soon as practicable, to reverse the trend both of *interest rates and of the money* supply. These objectives may look at first sight *incompatible*, but they could well work strongly together for a period: a clear downward trend in interest rates would unlock the pent-up demand for Government stock and so deflate the money supply. This in turn means acting to reduce the public sector's enormous borrowing requirement, which is the root cause of the difficulties of the authorities in controlling the financial markets.

The Chancellor's objectives, then, can be summed up as follows: he must check demand, leaning, if possible, on imports, without inflating the cost of living: he will wish to reduce the public sector deficit, which is strongly linked in the long run with the balance of payments, by a sum much larger than the desirable reduction in demand and despite falling incomes, and all this in a *Budget which is seen as socially* fair.

Credit

A Chancellor's first instinct, in such a dilemma, is to prune *public expenditure,* and *this will* strongly appeal to the present *Government. However, there are* rather distinct limits to what *can be done this time.* Firstly, there have already been two *pruning exercises which must* have lopped off all the easily *accessible twigs; a third may* involve hacking at the heartwood. Secondly, *a depression in* private sector investment may *make it necessary to maintain* some public programmes for employment reasons, using taxation to spread the cost. Thirdly, *the longer-term energy problem* demands high investment in electricity, gas, railways and possibly in oil infrastructure. Finally, public investment is low in import content. There will certainly be cuts, to impress financial markets and foreign opinion, but their real contribution to the task in hand will not be so big as it may sound. This *will be partly an exercise in* public relations.

A *second approach* with strong appeal is credit restraint. A *reduction in consumer credit* limits consumption without *affecting prices or incomes,* and such an approach has one *further* valuable *feature: credit* restrictions laid down through *ceilings or terms lose their* deflating effect if demand for credit has fallen of its own accord—in other words, if the ceilings are set at the level which demand would have found without intervention. If demand falls any further, the credit restrictions cease to have any economic effect. This makes the quantitative control of credit an ideal weapon at a time of possible recession: it sets a permitted level of demand rather than depressing demand at whatever level it might otherwise reach. Further, by restricting the activities of financial intermediaries—banks and finance houses—credit ceilings actually help to bring interest rates down. The arguments for abandoning the two-year-old "free" credit market are powerful.

A combination of credit ceil*ing and cuts in public expendi*ture will therefore look good; *but their economic effect may* well be limited. The Chancellor will also *want to take further* action to reduce demand for *imports* and *to be seen to spread* the burden of restraint. For *these tasks, he must use his tax* armoury.

The most obvious target for taxation during an oil crisis is *motoring: a substantially higher* oil tax would not only lead to *economies, but would fall more* heavily on the rich than on the poor and can be raised on the base of the biggest single source of indirect revenue. A higher tax on cars would also represent a simple measure which would directly attack a major source of import demand and release home production for exports. Economic common sense also suggests higher prices for other fuels—coal, gas and electricity. There are also strong arguments for a second luxury *rate of VAT, falling on such* goods as radios, televisions and *camera equipment, furs,* jewellery and some clothing materials—all import-rich, and bought by the rich.

Fairness

However, it may not be possible to reform VAT during its first year when the present, simple tax is still being run in, and a higher tax on wines and spirits (but not beer) would have a similar impact. A heavier tax on tobacco, whose "real" cost has been falling sharply for some years, is probably the least contentious way of tackling demand in general.

To produce evident fairness (which in this context means soaking the rich), and to contribute to the public sector's finances, the Chancellor will have to turn to direct taxes and contributions, and possibly new ones. Much of the list here is *familiar from past crises: sur*charges on high tax rates, on *investment* incomes, or even a capital levy (which would be *highly effective in checking high* income demand and helping *Government finances,* but is politically extremely improbable). *Such steps* are highly likely, but the resultant tax *revenues will be less than* impressive.

Novelties can be invented to taste by the impatient reader: *three would appeal to me were* I, by some hideous accident, to *have Mr. Barber's job.* The first would be to limit at least the tax offsets *allowable* against interest payments — strongly *effective in demand terms,* though producing only minor revenue effects. The second would be a form of forced saving, on the lines of post-war credits—the ideally reversible tax measure. The third—and here I am probably geting warmer—would be a tax on property values. It will be surprising if the property industry has not been selected as to-day's sacrificial goat.

Labour News

Bank clerks offered up to 7 per cent.

BY ROY ROGERS, LABOUR CORRESPONDENT

ABOUT 170,000 clearing banks' staff will benefit by between £117 and £153 a year in a deal concluded in time to escape any pay curbs announced by the Chancellor of the Exchequer to-day.

The proposed settlement involves Stage Three increases of £2.25 *a week for staff on salaries* of up to £1,671 and 7 per cent. increases for those already receiving more. Initially, the National Union of Bank Employees and the staff associations were seeking 25 per cent. increases on all basic rates.

In addition to the Stage Three increases, all staff will receive an extra £15 a year backdated to April 1 last from a "topping up" exercise to bring last year's 7 per cent. pay deal up to the £1 plus 4 per cent. Stage Two limits.

The *employers*—the Federation of London Clearing Bank Employers — wanted the £2m. available for topping up Stage Two to be given to the junior grades. They felt that the resulting £51 increase for juniors would help recruitment. NUBE and the staff associations insisted that the £2m. be paid across the board.

Subject to *Pay Board approval,* the deal will come into effect from January 1 giving new salary scales of £693-£983 for juniors, £993-£1,636 for cashiers, £1,449-£1,914 for safe-custody clerks and £1,731-2,256 for securities clerks.

Current salary ranges for these grades are £561–£861, £861-£1,506, £1,317-£1,767 and £1,599-£2,058.

Milford Haven tug dispute for Pay Board

By Our Labour Staff

REPRESENTATIONS are to be made to the Pay Board to-day concerning delay in implementing a productivity agreement which has led to sanctions being imposed by the 107 tugmen at Britain's largest oil port at Milford Haven, Pembrokeshire.

The tugmen decided on Friday to restrict tug movements to the "normal" level of 15 a day in protest at a Pay Board ruling that a productivity scheme can only be introduced 12 months after their October Stage Two *settlement.*

Although it had been feared the sanctions *might delay oil* movement through the port, the only delays caused over the week-end were the result of gale-force winds.

To-day the employers, Cory Ship Towage, and the tugmen's representatives, will be at the Pay Board trying to resolve the problem.

British Airways' pay offer 'likely to prove inadequate'

BY OUR LABOUR STAFF

LONDON AIRPORT workers' representatives are to report back to the shop stewards to-morrow following a further round of Stage Three pay negotiations with the employers.

The 5,000 engineering and maintenance workers have demanded a £10-a-week increase as part of a wage deal due on January 1.

British Ariways has made an offer in line with Stage Three limits of £2.25 a week to the *ground services staff and of £2.65* to the engineering workers; surveying staff have been offered up to £156 a year.

The ground services men are also asking for a shorter working week, more holidays and better *shift payments.*

A Transport and General Workers Union spokesman said last night that there was every indication the offer would prove unsatisfactory to the men, who last month backed a call for a shut-down of the airport in the New Year if their claim was not met.

Journalists' pay talks resume to-day

NEGOTIATIONS *for* better *wages and conditions for* 9,000 provincial journalists from January 1 are being resumed to-day between the Newspaper Society and the National Union of Journalists.

Last week talks on a new national agreement were interrupted *when the union refused* to continue because of the management's attitude in a dispute which led to a three-week strike of some 60 journalists on the Evening Gazette, Middlesbrough.

Last night the union's general secretary, Mr. Ken Morgan, said members at Middlesbrough had voted to return to work this *morning. The strike is to be* considered by a special joint panel arranged between the union and the Newspaper Society.

Ulster deal crosses first hurdle

BY RHYS DAVID

BELFAST, Dec. 16.

THE PACKAGE settlement for Ulster agreed at Sunningdale a week ago including setting up a Council of Ireland survived its first major test in Northern *Ireland when the new Assembly* voted 43-27 this week-end in its *favour.*

Following the passage of legislation through the Commons on Thursday to make necessary amendments to the *Constitution* Act and to devolve power to the *Executive in Northern Ireland,* the new power-sharing adminis*tration drawn from the Unionists,* the Social Democratic and Labour Party and Alliance is now set to take office on January 1 with, at this stage, only one foreseeable political hurdle still in its way.

Encouragement

This is the possibility that the *agreement will be rejected by* the Ulster Unionist Council *which is due to meet again at* the request of the anti-power sharing lobby—possibly before the end of this month.

The *voting in the Assembly,* from which only seven members absented themselves showed no signs of movement between the various Unionist groups, but the unpledged Unionists who oppose Mr. Brian Faulkner are taking some encouragement from reaction to the settlement at constituency association level.

Although Mr. Faulkner has been receiving many *messages* in support of the package there *is evidence* that the party hardliners who oppose the Council of Ireland have made some gains among the constituency associations and may be able to overturn the very narrow ten-vote majority given to him in November.

Such a vote would not affect the setting up of the Executive, and Mr. Faulkner has pledged himself to carry on with the sup*port of his elected Assembly* colleagues. His authority would, *however,* be weakened if the party rejects him, and the campaign by the Rev. Ian Paisley would receive a major fillip.

The possibility of another election in this situation was raised during the Assembly debate with both Mr. Faulkner, who was heckled on a number of occasions, and Mr. Paisley saying they would welcome another vote.

Mr. Faulkner's confidence is based on the *belief that* in the country as a whole there is *markedly more support* for the new package and less opposition to the Council of Ireland than the outbursts on the Loyalist side would suggest. Certainly in the week that has passed since the settlement there has been no public outcry against the terms, and attempts to stimulate public opposition *in rallies—admittedly* in bleak weather — have not proved very successful either.

Truce

Against a background of widespread public acceptance of the agreement the Loyalists are, *therefore, hoping* hardline attitudes in the Unionist constituency *associations* will give their campaign a boost. On their success or otherwise is likely to depend the reaction of the extreme Protestant para-military organisations, including the banned Ulster Volunteer Force *which this week decided* to continue the truce it announced last month.

Arising out of the Sunningdale agreement, Mr. Francis Pym, the Northern Ireland Secretary, is expected to order the release of a number of men held in detention.

BSC ready to start on £30m. terminal

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

EDINBURGH, Dec. 16.

THE BRITISH Steel Corporation will be able to make an immediate start on the *construction of* a £30m. iron ore and coal import terminal at Hunterston, Ayrshire, following an agreement announced to-day between BSC and Hunterston Development, the owners of the site.

The *agreement eliminates* the prospect of further delays which *would have been inevitable* if BSC had pursued its request for the compulsory purchase of the Hunterston site. It also brings to a conclusion almost six years of wrangling about the industrialisation of the site.

It should ease the decisions which the Scottish Secretary *still has to make on* applications for two oil refineries on the same peninsula.

Under the agreement, BSC will acquire about 230 acres held by Hunterston Development. The terminal, planning permission for which was granted in June, will be built jointly by BSC and *the Clyde port authority.*

It should take two and half *years to complete. This means* that it will be about nine months to a year behind the completion of BSC's £60m. expansion of the Ravenscraig, Motherwell, steelworks which the terminal is intended to serve.

BSC states that it is planning a further £30m. investment at Hunterston, *on a direct reduction* plant for iron ore and an ore *pelletising plant. Both these pro*jects, it says, would increase the utilisation of the new terminal. The direct reduction plant "could form the basis of new electric arc steelmaking facilities which BSC is planning for its developments in Scotland." The timing and nature of these projects, however, is still not certain.

Dublin High Court challenge to pact likely

BY DOMINICK J. COYLE

DUBLIN, Dec. 16.

THE Sunningdale Agreement on Ulster, providing for the establishment of a Council of All-Ireland and concerted North-*South action against terrorism,* is now expected to be challenged in the High Court here.

The challenge, to be mounted by Aontacht Eireann, the breakaway republican unity party, *is said to be based on* Clause 5 of the Sunningdale pact in which the Dublin Goverment accepted that the present status of Northern Ireland could be *changed only with the consent* of a majority of the population in the Province.

COMPANY NEWS + COMMENT

Gresham Investment Trust profit growth

FIRST HALF group pre-tax profit of Gresham Investment Trust increased by 20 per cent. to £454,000, and the directors hope that it will be possible to maintain the growth rate in the second half. Profit for the year to March 31, 1973 was £986,000.

An interim dividend 0.505p net per 25p share, equal to 0.721p gross (0.6875p), is declared. Warrants will be posted on January 25. The 1972-73 gross total was 1.96875p.

It is expected that the growth in profitability will continue in the future. This expectation is based on the surmise that over the next few years there may be little or no growth in the U.K. economy, the directors state.

They report that certain of the group's investments are at a "very interesting stage of development."

At December 10 the value of quoted investments and dealing stocks was £6,362,000 (against £4,532,000 cost) and unquoted investments and dealing stocks £3,863,000 (£2,563,000 cost). Properties were valued at £3,558,000 (£2,423,000 cost).

Altogether the assets are valued at £13,783,000 against the total book value of £9,568,000.

	Six months 1973 £000	Six months 1972 £000	Year 1972-73 £000
Profit before tax	454	378	936
Taxation	153	91	306
Net profit	301	287	630
Interim dividend	81	111	255

The figures do not include earnings of companies in which substantial minority interests are held.

● comment

The 20 per cent. pre-tax growth rate at Gresham after six months is apparently maintainable for the full year, in spite of the recent behaviour of the stock market. This confidence stems from the fact that even though the equity portfolios have had a rough time there are sufficient funds in bad debts reserve to "top up" any shortfall: and in addition to that there is a certain amount of predictability in the investment income and interest receivable. However, it is difficult to see the market rushing to buy any stock in the financial sector specialising in secondary banking, portfolio management and corporate finance—especially on a prospective multiple of 16 (at 79p).

FORTRESS TRUST

First Investors Mortgage Services, acting in its capacity as estates managers for institutional clients, has agreed terms on an interest-only basis for an advance of £1.65m. to Fortress Trust on selected properties.

HIGHLIGHTS

A quiet week-end gives way to a reasonably busy week for company announcements—though the Chancellor's speech to-day will of course overshadow all else in the City. To-day should see annual results from **Marley, Martin the Newsagent** and **Samuel Osborn,** plus the interim statement from **Cavenham.** *British Leyland has chosen Wednesday to publish its prelim,* while also on that day **Unigate** announces an interim. The following day should see the 12 months' results from **British Oxygen** and **S and W. Berisford** and the six months' figures from **Phoenix Timber.**

Half way increase for Vectis

THE IMPROVED profit forecast at half-way by Vectis Stone turns out to be £370,142 against £327,078, before tax, for the year ended September 30, 1973.

And the dividend is effectively raised from 1.542p to 1,619p with a final of 0.968p gross—0.678p net.

	1972-73 £	1971-72 £
Profit before tax	370,142	327,078
Taxation	177,510	141,675
Net profit	192,632	185,403
Tax adjustments	14,825	—
Dividends	55,472	73,075
Retained	122,335	112,328

The company has conditionally contracted to acquire the capital of Island Oils, a private limited company, for £30,000 cash and *160,000 Ordinary shares. A circular* will be despatched to shareholders in due course, together with a notice to convene an extraordinary meeting to approve the transaction.

The annual general meeting will *be held in Newport, Isle of Wight,* on February 20, at noon.

R. & G. Cuthbert

Mr. Clive Clague, chairman of *R. and G. Cuthbert,* the nursery, seeds and hardware group, told the annual meeting that assets capable of being employed to better advantage "are obvious candidates for disposal and reinvestment for improved earnings."

Timing depended on opportunity and urgency for internal finance. Within the the foreseeable future organic or acquisitive growth would be financed from cash flow.

Possibilities of arrangements with the larger developers with regards to surplus land had been explored. but the Board had been forced to the view that this delegation of responsibility deprived the company of essential control over method, progress and timing of any disposal, and could in the end leave it too small a stake in success. "Therefore we have instructed our advisers to undertake planning work directly for us," add Mr. Clague.

Rental and investment income provided £337,461 of the profit, and housing and land development the remainder. No break*down of the £3.81m. (£2.37m.)* turnover is given.

Contracts for capital expenditure entered into but not provided for in the 1972-73 accounts were worth £1.95m. (nil). Since the financial year end, the company has obtained an office development permit and planning permission for 80,000 square feet of offices at Elstree on part of its own land.

Meeting, Inn on the Park, W., January 8 at 12.15 p.m.

Common Brothers progress

OF THE already reported increase of £260,000 in pre-tax profit from **Common Brothers** to £546,402 for *the year ended June 30, 1973,* some £95,000 came from a reduction in depreciation charges, chairman Sir Rupert Speir tells members.

The balance of the increase is due to *higher investment income,* some improvement in shipowning and ship management operations, and the fact that certain provisions were no longer required, he states.

The reduction in depreciation comes from assessing the life of roll-on roll-off vessels as 20 years instead of 15, and taking into account the residual scrap value of all the company's vessels.

Sir Rupert reports that redevelopment of the Devonshire Square, E.C., offices is proceeding according to plan and when completed should provide valuable additional revenue earning capacity.

Referring to Caribbean Trailer Express, he says that although there are certain liabilities and assets still to be dealt with, all the indications are that the winding-up of operations will be achieved within the £800,000 provision made in the previous accounts.

The group has two petroleum products tankers on order at fixed prices with Swan Hunter Shipbuilding. The accounts show contracts for ships under construction of £10m. entered into and not provided for at June 30, 1973.

Meeting, Newcastle upon Tyne, December 28 at 11 a.m.

£0.5m. still target for Geo. Ewer

THE JUNE forecast of £0.5m. profit for the current year is repeated by the directors of George Ewer and Co., announcing the figures for the six months ended June 30, 1973.

Sales advanced from £3.99m. to £4.56m. and pre-tax profits rose from £211,312 to £262,764. The 1972 full year produced £418,557.

The interim dividend is lifted from four to five per cent. gross, and Treasury permission has been obtained to pay a total of 15 per cent. (11 025 per cent.).

	Half year 1973 £	Half year 1972 £
Sales	4,561,241	3,997,960
Motor companies	3,933,422	3,390,202
Transport companies	627,819	607,758
Profit before tax	262,764	211,312
Motor companies	152,300	105,800
Transport companies	110,464	105,512
Tax	131,382	84,524
Net profit	131,382	126,788
Dividends	†35,483	40,500

† After taking into account waivers of £1,039.

Arthur Richardson profits dip

Arthur Richardson and Son, the Nottingham-based wholesale food distributors, cash and carry and supermarket operators, increased sales almost £2m. to £15.37m. for the 36 weeks to October 13, 1973. The 1972 figure of £13.43m. covered 35 weeks to September 30.

Although pre-tax profits are slightly reduced from £174,000 to £170,000, the interim dividend is increased from 2p to 2.1p, 1.47p net. The 1972 total for 53 weeks to February 3, 1973, was 9.45p from profits of £310,000, subject to tax of £85,000 (£70,000).

The programme of rationalisation and expansion, outlined in the chairman's report, has gone ahead as planned. The directors *point out* that "servicing of all catering customers has been centralised at Rotherham and this expanding trade is being run as a separate division."

A proportion of the development expenditure must be re*garded as non-recurring, and has* not been charged in arriving at the profit for the period. It is estimated that this exceptional revenue expenditure will amount to about £75,000 before tax relief for the 52 weeks to February 2, 1974.

Aside from specific development costs, extra operating expenses have been incurred during the initial period of running-in these developments, and these are reflected in the profit for the period under review.

The directors believe that trading profit for the 52-week period will approach that for the 53 weeks of the previous year.

Regional Properties

Income of Regional Properties decreased from £524,500 to £428,179 for the half-year to September 30, 1973, s ubject to charges up from £362,000 to £920,042.

The charges comprise sharply increased interest of £443,235 (£102,000), special maintenance £420,827 (nil), and tax £55,980 (£160,000). They are, in the main, offset by a transfer of £763,108 from capital reserve relating to special maintenance and *development* properties.

An interim dividend of 0.7p net, equal to last year's 1p gross, is declared. The 1972-73 total was 2.25p gross paid from a net taxed profit of £369,097.

	Half year 1973 £	Half year 1972 £
Income	428,179	524,500
Interest payable	443,235	102,000
Special maintenance	420,827	—
Taxation	55,980	160,000
From capital reserves	763,108	—
Balance	271,245	262,500
Minority interest	—	4,200
Preference dividend	2,100	3,000
Ordinary	125,520	*153,600
Retained	140,625	71,400

* Gross.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

Bougainville (Section: Mines-Australian). **General Electric** (Section: Americans). **General Property** (Section: Property). **Saul (B. F.)** (Section: Americans: Overseas-New York). **TRW Inc.** (Section: Americans).

Allied London Properties

The group balance sheet of Allied London Properties disclosed an increase from £4.42m. to £10.02m. in stocks and work in progress, and a rise in borrowings from £4m. to £9.69m. for the year ended June 30, 1973.

As reported on December 11, pre-tax profit was £762,002 (£586,040) and the dividend is 3.3p (3.19285p) gross. A cash or share dividend option is proposed.

CARCLO MEETING

At an extraordinary meeting of Carclo Engineering Group on January 2, shareholders will be asked to approve a £10,000 compensation payment to former chairman, Mr. G. W. M. O'Shea, for loss of office upon cancellation of his service agreement.

In a letter to shareholders, the new chairman, Mr. R. E. Brook, says he and his fellow directors recommend the payment "and will be exercising our own votes in favour of the resolution."

UNIT TRUSTS

EQUITY & LAW BOND RATES

Equity and Law Life Assurance Society has improved all rates for *guaranteed income bonds.*

For a purchase price of £5,000 the net income, payable half yearly, is now £485 on a five-year bond, £485-90 on a ten-year bond and £475.65 on a 15-year bond for a male, aged 65, who is liable to unified tax at the current basic rate only.

VAVASSEUR HIGH INCOME

Unitholders in Vavasseur High Income Trust are to receive a net distribution of 1.38p per unit for the six months to October 31, 1973. At the end of the period the fund was valued at £5.47m., of which £5.28m. was invested.

BRITANNIA COMMODITY

A distribution of 103.75p net per 100 units for the six months to November 3, against 79.50p for the corresponding period in 1972 has been posted to Britannia Commodity Plus unitholders. With the 122.30p distributed in May, the total 1973 gross distribution has risen to the equivalent of 10.77 per cent. for unitholders who invested at the launch in February, 1966. The £8.1m. fund was virtually fully invested at the end of the period.

DRAYTON COMMODITY AND GENERAL

The net income distribution of Drayton Commodity and General for the half-year ended October 31, 1973, is 0.9036p per unit, compared with 0.8501p net for the previous half-year. The total income distribution of 1.7557p compares with 1.4291p for last year.

ISSUE NEWS

BPC LOAN STOCK

Permission has been granted for the quotation of and dealings in the £1,282,200 7½ per cent. Unsecured Loan stock 1998-2003 of the British Printing Corporation. The stock was issued in connection with the acquisition of Hazell Sun. Bankers are Hill Samuel and Co. and brokers are Cazenove and Co.

BIDS AND DEALS

Consortium owns 63% of SIH

Formal documents containing the Vlasov-Capitalfin consortium's increased cash offer of 560p a share for Shipping Industrial Holdings, now backed by the SIH Board, show that the consortium has increased its stake to 63 per cent. of the SIH shares. Intentions, already indicated, to secure the independence of SIH's shipbroking and insurance-broking interests are recorded, with confirmation that a number of possibilities to this end, including flotation, will be studied in consultation with the executives concerned.

Closing date for the unconditional offer is January 4, but accepting shareholders will receive cheques with the cash considera*tion within 14 days of the receipt* of valid acceptances.

Mr. Peter Parker, the SIH chairman, says in a letter conveying the Board's unanimous recommendation, that the directors remain convinced that it does not *represent the full asset value of* the company. He remarks it should be remembered that the terms for the acquisition of the majority holding were not negotiated with the Board and that the major shareholders who sold *were not in possession of the up*-to-date and detailed information available to the directors.

Nevertheless, with the consortium holding a majority, there is no real possibility of any further improvement in the offer, while *the Board also had to allow for* the recent falls in share prices and the difficulties of determining fleet values in the current con fused international situation.

The documents show that Vlasov Group, which is controlled by Mr. Boris *Vlasov* and *which is* the joint owner, equally with Capitalfin International of Navcot *Shipping,* the vehicle for the bid, has a fleet, trading and on order, of 27 ships with a tonnage of more than 1½m. tons deadweight. Of this about 1m. tons is under the British flag. Contracts worth £47m. for the construction of five tankers of 55,550 tons each for Vlasov's U.K. fleet were placed *with Cammell Laird Shipbuilders* in October.

It is stated that the SIH fleet is complementary to that already owned by the Vlasov Group and that the intention is that the shipping activities of SIH will be *expanded in conjunction with the* present management and its fleet should continue to operate under the British flag.

Mr. Parker holds 41,000 shares in SIH and the managing director, Mr. David Gault, owns 69,352.

JAMES GARNAR BUYS SCOTBLAIR

James Garnar and Sons is to acquire Scotblair, fellmongers and brokers and processors of hides and skins, for some £850,000.

Much of Scotblair's high quality raw material is particularly suited to the requirements of Garnar's tanneries, it is stated, so that the *merger will be a process of* vertical integration giving further strength and stability to the enlarged group.

In the year ended March 31, 1973, Scotblair earned pre-tax profits of £216,000, and it has informed *Garnar that, while profits equal to* this record level should not be expected in present conditions, trading in the current year has been proceeding satisfactorily. At March, 1973, net tangible assets totalled £478,000.

Consideration is 480,895 Garnar shares, £375,005 of 9 per cent. Convertible Unsecured Loan Stock 1985 and £20,012 cash. Arrangements have been made by Hill Samuel for placing £150,000 of the stock at par.

Garnar and Scotblair have been advised by Hill Samuel and the Gresham Trust respectively.

ROYAL WORCESTER

Royal Worcester has acquired the 15 per cent. minority interest in Strainstall for £17,625, satisfied by the issue of 9,180 Ordinary shares.

Coral paying £0.76m. for bingo halls

J. Coral Holdings is continuing its rapid expansion in leisure activities with the acquisition for £764,000 cash of the capital of four companies owned by Mr. Peter Lindsay-Newbold.

The four companies—Dawnay, Peter Lindsay Cinemas, Peter Lindsay Entertainments, and Willowmay—operate seven bingo halls, owning the freeholds of two, at Bristol, Faversham (two), Surbiton, High Wycombe, Herne Hill and Crawley. The companies also *own the freehold of the Glenlyn* Ballroom at Beckenham, which is leased to a bingo operator and the freeholds of two non-commercial properties.

Net assets (after allowing for a valuation by Coral of the properties, which they conservatively estimate to be worth not less than £150,000) are £295,000. In a full year the Coral directors would expect profits before tax to be at least £150,000. Coral will retain £145,000 of the purchase price until certain liablies have been fully ascertained.

Coral director Mr. Ken Mundy says this latest acquisition offers tremendous potential and he expects to be announcing more deals before very long.

BUILDING SOCS. MERGER

Subject to the approval of the members and the final agreement of the registrar, the engagements of the Victory Building Society of South Shields will be transferred to the Grainger and Percy Building Society of Newcastle-upon-Tyne.

Combined assets will exceed £31m. and Victory will be joining Grainger and Percy as soon as the formalities have been concluded, which the directors hope will be early in the new year.

On completion of the transfer Grainger and Percy will open a full branch office in South Shields, and this will ensure a continuing service to the Members of both Societies in that area.

HALWINS LOSS

A loss of £60,000 by Halwins in the year to June 30, 1973, is disclosed in documents containing the agreed offer for the company by N. Brown Investments, the direct mail order concern. The loss compares with a pre-tax profit of £105,000 the previous year. The offer closes on January 11.

LAGS

An extraordinary meeting of London Australian and General Exploration Company (LAGS) is to be held on December 31 to approve the acquisitions of five companies from Jessel Securities and a sixth from Johnson and Firth Brown which, like Lags, is an associate of Jessel. Approval will also be sought of an increase from £4m. to £4.5m. in the authorised capital.

EDGAR PICKERING

Sears Holdings offer to acquire the capital of Edgar Pickering (Blackburn) has been accepted by holders of 2,802,929 Ordinary shares (93.4 per cent.) and has become unconditional. It remains open.

SHARE STAKES

Charter Consolidated Investments has increased its interest in Tronoh Mines to 2,691,028 shares (26.09 per cent.). As a consequence, Charter Consolidated group has increased its aggregate interest in Tronoh to 3,060,794 shares (29.67 per cent.).

Bandanga Holdings now has 40,000 Ordinary shares in Borelli Tea.

Ralli Securities has acquired a further 175,000 shares in Ralli Securities Trust, bringing holding to 10,013,180 shares.

Stake of Jessel Securities on December 3 in Charles Roberts was 174,131 Ordinary shares (20.76 per cent.).

Charter Consolidated Invest*ments now holds 934,000* Ayer Hitam Tin Dredging shares (15.31 per cent.). Charter Consolidated Group aggregate interest in Ayer Hitam now comprises 984,000 shares (16.13 per cent.).

Interests of Slater Walker Securities and its subsidiaries, together with investment trusts, etc. in Charrington Gardner Locket at December 11 amounted to 5,625,612 Ordinary shares (15.10 per cent.). This is not a disclosure for purposes of Companies Act 1967.

On December 5, Pearl Assurance acquired a further 50,750 Ordinary shares in New London Properties.

Anglo African Finance now holds 1,738,377 Dent Fownes shares.

Centreway Securities has acquired a further 176,692 shares in Blakeys (Malleable) Castings. Total holding now 822,000 shares (28.4 per cent.).

Eastern Produce (Holdings) hold 42,314 ordinary shares and 1,960 preference shares of Bogawantalawa Tea (Holdings), together representing 13.2 per cent. of the voting capital. Jessel Securities through its interest in Eastern Produce is deemed by virtue of Companies Act 1967 to be interested in those shares.

J. H. Vavasseur now holds 81,194,800 ordinary shares (19.26 per cent.) in William Whittingham (Holdings).

Central and Sheerwood Trust is now interested in a total of 1,080,000 ordinary shares (10.8 per cent.) in Trianco Group.

Eagle Star Group now holds 11,296,940 ordinary shares (19.32 per cent.) in Star (Great Britain) Holdings.

Hay's Wharf acquired 212,702 Ross Chemical and Service shares between December 3 and 12. Total interest now 1,885,045 ordinary shares.

Alan Herbert Cherry now holds 949,558 ordinary shares in Countryside Properties.

Stake of Jessel Securities on December 3 in Charles Roberts and Co. was 174,131 ordinary shares (20.76 per cent.)

Cranefield has increased its interest in Troydale Industries from 1,771,500 to 1,986,500 ordinary shares (31.91 per cent.).

Advance Laundries now holds 10.43 per cent. of ordinary capital of Provincial Laundries.

Mr. R. I. Tanner and M. A. G. P. Whitfield, directors of Orme Developments, each hold 23.74 per cent. in the company's capital.

London and Northern Securities holds 1,087,500 Ordinary and 780,000 preferred ordinary shares in Tace.

Terry Kirk

Mr. Owen Aisher, chairman of the concrete, tile and building group Marley. To-day he is due to announce the preliminary results for the year to October 31, 1973.

Alfred Clough likely to beat target

Earthenware manufacturers, Alfred Clough, is likely to exceed its target of pre-tax profits of £200,000 for 1973, according to chairman, Major E. H. Marley. He also discloses that there are plans for a scrip issue.

In a letter to shareholders outlining details of the acquisition of G. and D. Glass Supply Company for £69,745, Major Marley says he expects the profit target to be exceeded despite the fires at Cartwright and Edwards and W. H. Grindley in June.

Sales and orders are buoyant and exports from a new source in North America for over £1m. for delivery in 1974 and 1975 have been negotiated at profitable prices. He looks forward to a considerable increase in exports in 1974 over the £2m. in 1973.

Following the rebuilding of the factories destroyed by fire it is intended to revalue properties and the surplus when added to reserves, should enable consideration of a "substantial bonus issue." The Board has in mind a three-for-one to increase the capital to £1.18m. and give the company's shares trustee status following payment of dividends in 1974.

Major Marley also discloses in respect of the fires that a further £150,000 has been paid by the insurers on account of the company's claims, making a total of £325,000 so far and he, personally, feels the company can anticipate receiving a further £400,000 final settlement next February or March.

C&N ELECTRICAL

An agreement has been reach between C. and N. Electr Industries, a member of the Cr Electronics Group, and Stor Platt Crawley for the overse marketing of C. and N. Electrica medium frequency radio beaco Stone-Platt Crawley is to inclu the beacon in its overseas sal network.

BRIERLEY INV.

Brierley Investments announ that the scheme of arrangem whereby it has acquired the ca tal of the Shanghai Electric Co struction became effective December 14 in its amended for whereby Brierley agreed to p 16 per cent. over the net ass value calculation. Cash payme to be made to shareholders is no 73.71p per share.

COOK & WATTS

Formal documents for the off by Courtaulds for Cook and Wa have been posted.

Cook states that turnover the period January 1, 1973, September 21, 1973, was £5,247, (£6,078,000). Trading profit before tax £187,000 (loss £35,00

Pending dividends timetable

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year		Date	Announcement last year
Allied Brews.	Jan. 8	Final 11.2%	*Marley	Dec. 17	Final 10.2%
AVP Indusis.	Jan. 7	Int. 5%	*Meyer (M. L.)	Dec. 18	Int. 4.4% §
Berisford (S. and W.)	Dec. 29	Final 3½%	Philblack	Dec. 1	Int. 2½%
British Dredging	Jan. 10	Int. 4%	Plessey	Jan. 16	Int. 5%
British Leyland	Dec. 19	Final 5½%	Rank Organisation	Jan. 15	Final 3% §
British Oxygen	Dec. 20	Final 8%	Raybeck	Jan. 17	Int. 5%
British Sugar	Jan. 17	Final 6%	Rotary Hoes	Jan. 18	Final 8% §
Capital and Counties	Jan. 4	Int. 4%	Scottish and Newcastle	Jan. 18	Int. 6%
Carlton Inds.	Dec. 12	Int. 7½%	Scragg (E.)	Jan. 11	Final 10%
Cavenham	Dec. 17	Int. 4%	SGB Group	Jan. 8	Final 14%
Dobson Park	Jan. 18	Final 19% §	Standard and Chartered	Dec. 5	Int. 6%
Electronic Rentals	Jan. 17	Int. 18% §	St. Martins Property	Jan. 15	Int. 5%
English China Clays	Jan. 11	Final 6½%	Staplegreen Insce.	Jan. 16	Int. 14%
Hestair	Jan. 15	Final 5%	Stead and Simpson	Jan. 11	Int. 4%
Hickson and Welch	Jan. 15	Final 13%	*Stenhouse	Dec. 20	Final 18%
Hoffnung (S.)	Dec. 14	Int. 12% §	Sunley (B.) Inv. Trust	Jan. 9	Int. 9%
IC Gas	Dec. 18	Int. 8%	Thorn Electrical	Jan. 10	Int. 11%
Kent (Geo.)	Jan. 4	Int. due	*Unigate	Dec. 19	Int. 3½%
Keyser Ullmann	Dec. 21	Int. 6%	*Union Discount	Jan. 16	Final 14%
LRC Intnl.	Jan. 4	Int. 16%			
Lindustries	Jan. 17	Final 13%			
Lloyds Bank	Feb. 15	Final 9.5% §			
Manbré and Garton	Jan. 2	Final 10½%			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates rose appreciably last week, against the background of the unsettled economic situation and a shortage of day-to-day credit.

The rate on local authorities' deposits at seven-days' notice rose to 14¼-14½ per cent. on balance, from 13¾-13⅞ per cent., and touched 14-15½ per cent. on Thursday. The placing of a further sum equal to ½ per cent. of banks' eligible liabilities in special deposits at the Bank of England was a major factor in the shortage of day-to-day credit, while foreign exchange settlements and a seasonal rise in the note circulation also played a part, and did official holdings of maturing debt (including local authority).

The one-month deposit rate increased to 14⅝-15¼ per cent., from 13⅞-14⅛ per cent., and the three-month to 16-16½ per cent., from 15¼-15⅝ per cent., while the one-year reached 16-16½ per cent., against 15½-15⅞ per cent. Business in longer term mortgages was again restricted.

The Financial Times Government Securities Index fell to a record "low" of 59.32 on Monday, but made good gains subsequently, to end at 60.79, for a net gain of 1.14.

Local authority one-year bonds were placed during the week at par, with a coupon of 15⅞ per cent., to offer a yield 1/16 per cent. higher than that on the previous week's batch.

Public Works Loan Board rates were raised with effect from Saturday, by amounts of ⅛ per cent. to ⅜ per cent., making a range for quota loans of 12⅞-13⅝ per cent., and for non-quota of 12⅞-14⅝ per cent. The revised list of rates appears on this Page.

* Rate (%) December 14, 1973	
2 days' notice (deposit receipt)	14¼—14½
7 days' notice (deposit receipt)	14¾—15
7 days' notice after one month (deposit receipt)	14⅞—15¼
7 days' notice after three months (deposit receipt)	16—16¼
7 days' notice after six months (deposit receipt)	16—16⅛
Mortgage at one month's mutual notice after 11 months	16—16¼
Mortgage at one month's lender notice after 11 months (nominal term 2-5 years)	14⅞—15⅜‡†
2 years' mortgage	15¼†
3 years' mortgage	14⅞—15⅜†
4 years' mortgage	14⅞—15¼†
5 years' mortgage	14¼—15¼†
6-10 years' mortgage	n.a.
11-30 years' mortgage	n.a.

* Rates are for sums not less than £20,000 and are subject to local variations and fluctuations. † Nominal. ‡ Shorter period may attract higher rates than longer. n.a. Not available.

Public Works Loan Board rates

(Effective from December 15, 1973)

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans Repaid By instalments	Non-quota loans Repaid At maturity
Up to 5	13½	13⅝	14⅝	14
Over 5, up to 10	13½	13	13¾	13⅝
Over 10, up to 15	13¼	12⅞	13½	13
Over 15, up to 25	13	12⅞	13½	13
Over 25	12⅞	12⅞	12⅞	13⅛

REGIONAL MARKETS

—	Price Dec. 14	A=Div.	B=Times covered	Gross yield %
BELFAST				
Belfast 6¼ pc '80	£87½	Q 6¼	—	e14.
Inlay Pkg. (5p)	24	†Q25	1.8	8.2
Hughes (B) £	100	Q8	1.3	8.0
Irish Sc't Inv.	25	4.2	Φ	6.0
IRISH EXCHANGE				
Exch'q'r Ntc 80/85	£61.67	Q8	—	f9.8
Alliance Gas (£1)	79	Q10	Φ	12.7
Carroll (P.J.)	120	Q33	Φ	6.9
Conc. Prod. Ire.	130	Q21½	3.3	4.1
Clondalkin	52	Q12½	1.5	6.0
Goodbody (£1)	95	—	—	—
Heiton Hldgs.	68	Qr11	2.2	5.9
Irish Distillers	67	Qr12	Φ	4.4
Irish Wire Bd.	78½xd	Q17	Φ	5.8
Jacob	50	Q20	Φ	10.0
Smith Group 10p	35	Q14.4	3.4	4.1
Sunbeam	53	Q5	1.3	2.3
Unidare	59	—	—	—
MIDLANDS & WESTERN				
Bham Prnt 'A'	42½	10.6	3.3	8.5
[illegible] 10p	29½	Q 21½	1.0	7.5
[illegible] (Frdk) 10p	30½	11	Φ	4.9
[illegible]	32½	5.6	1.4	6.2
[illegible] & Reed 50p	220	Q 10.5	4.6	3.3
[illegible] £1	62½	—	—	—
[illegible] Ship, £1	620	12.9	2.0	3.0
William Sleigh 10p	15½	Q13	U5.0	2.0
[illegible]	49	d14.7	1.3	10.7
[illegible]vell's Ship, £1	190	6.3	1.6	4.7
[illegible]ence C. H.	125	10.3	Φ	2.5
[illegible]dall (Wm.)	114	d12½	3.0	3.8
[illegible]ncent (H.)	90	14.7	3.3	4.2
NORTHERN EXCHANGE				
Albany Inv. (20p)	20	Q45½	1.1	5.5
[illegible]k Spinning	58	†Q18	U1.2	7.8
Booth (Chas.) (10p)	18s	—	—	—
Brady (G.) 'A'	60	19¼	1.6	10.8
Br'wat'r Est. 50p	247	Q18	1.6	3.6
Br. Northrop 50p	90s	—	—	—
Bury Ring (20p)	23s	—	—	—
Clover Croft	46	5¼	1.6	1.4
Dyson (R.A.) 'A'	35	†8.4	—	8.6
Ellenroad	70	Q 12½	Φ	4.5
Eng. Nat. Inv. Pf.	25½	Q8	0.3	7.7
Do. Deferred	41	Q4	2.3	2.4
Era Ring	38	—	—	—
Gardner (L.)	135	31.2	2.4	8.3
Hartley Ind (20)	35	7	2.6	5.7
Higson Brewery	95	12.9	3.5	4.9
Holt (Joseph) (25p)	114	5.9	4.1	1.8
I.O.M. Steam (£1)	127½	Q 10	U 0.9	7.8
Nichols Vimto	95	†25½	1.5	9.6
Nthn Goldsmith	90	16.2	3.5	6.1
P.M.A. Hldgs.	145	♦Q8	—	3.1
Peel Mills	25	♦—	—	—
Sayers Conf (12½p)	27	17½	2.7	11.6
Shiloh Spin	28	†Q14	2.5	5.8
SwanLn.Sp.(33⅓p)	37½	—	—	—
Tavener Rut (20p)	65	Q25	1.8	8.0
Wood (Ed.)	20½s	In Vol. Liq.		
Woodward H12½p	37	‡13.4	1.5	:
SCOTTISH EXCHANGE				
Bertrams	45	Q10	1.0	5.4
Craig & Rose £1	430	16.2	4.5	5.3
Dundee Ice £1	180	4.4	3.0	3.5
Dundee Crm £1	300	7.3	1.5	3.5
Ellis & McHdy	67	Q 22½	1.8	9.
Fife Forge	68	14.7	2.0	7.4
Hill (Wylie)	115	♦—	—	—
Lees (J.J.) (10p)	33xd	Q21	1.8	6.5
Richards (10p)	20	Q10½	Φ	5.2

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1973 High	1973 Low	Stock	Closing Price	+ or —	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Alginate Inds.	99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1973 High	1973 Low	Stock	Closing Price	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Issue Price	Amount Paid Up	Latest Renunc. Date	1973 High	1973 Low	Stock	Closing Price	+ or —
—	—	—	61½	61½	Dalgety 6¾% Red. Deb. 79/84	61½	.....
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date	1973 High	1973 Low	Stock	Closing Price	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ind. Contract Cleaners	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Warren Tea Hldgs.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wyndham Eng.	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. [illegible]

Maidenhead Investments indicates £1.03m.

CURRENT YEAR profit in the order of £1.03m. against £0.9m., is indicated by Maidenhead Investments (Holdings), a property investment and development, etc., company.

First-half profit (to September 30, 1973) expanded from £0.28m. to £0.52m. All sections contributed to what is considered by the Board "to be a very satisfactory position."

The present inherent uncertainties within the economy make it difficult to predict the full year's results, but after discounting those uncertainties, the directors feel second-half profit should be at least equivalent to that attained for the first six months.

Pre-acquisition profits in respect of the half-year to September 30, 1972 have been adjusted to reflect the audited position for the year ended March 31, 1973.

	Six months 1973 £000	Six months 1972 £000	Year 1972-73 £000
Turnover	2,799	2,177	5,442
Group profit	632	359	1,095
Loan stock interest	117	80	200
Profit before tax	515	279	895
Taxation	257	112	371
Ex'nary. credits	10	—	*15
Pre-acquisition	—	37	37
Net balance	268	130	472

* Debits.

The ultimate parent company is now Argyle Securities, following its acquisition of Cornwall Property (Holdings).

Mr. R. A. Shuck and Mr. G. Rainford have resigned as directors of Maidenhead, and Mr. G. M. Rivkin, Mr. P. G. Comley and Mr. N. J. M. Spurrier have been appointed to the Board. Mr. Rivkin has been appointed chairman in place of Mr. Shuck.

As dividends are still restricted the directors do not feel it expedient, due to the low maximum rate that they are permitted to distribute for the year, to declare, at this time, an interim dividend. A single payment of 0.175p gross per 5p share was paid for the year to March 31, 1973.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims—British Anzani, British Tar Products, Cavenham, Danae Investment Trust, Danks Gowerton, Giltspur, May and Hassell, Plysu, Alexander Russell, Stroud Riley Drummond.

Finals—Brentnall Beard, Court Hotels (London), Cronite Group, Galley Group, Marley, Martin the Newsagent, Samuel Osborn.

FUTURE DATES

Interims—	
AVP Industries	Jan. 7
Forminster	Dec. 19
Rollis Bros. and ESA	Dec. 31
Sobranie	Dec. 20
Finals—	
East and West Investment Trust	Jan. 9
Jackson (J. and H. B.)	Dec. 18
Quality Cleaners	Dec. 19
Stenhouse Holdings	Dec. 28

Goldrei ahead at half-way

Taxable profit of Ch. Goldrei Foucard and Son rose from £68,031 during last year's 27-week first half to £71,553 for the 26 weeks to September 30, 1973 and the directors state that trading to date has continued at a satisfactory level.

Announcing a maintained interim dividend of 1p a share gross—0.7p a share net—they add that the problems the company faces in common with industry in general make it exceptionally difficult to forecast results for the full year.

In his annual statement in July, chairman Mr. B. M. Goldrei said that there should be a continuation of last year's favourable trend, when dividends totalled 3p gross from a pre-tax dividend of £145,234.

Tax for the half year increased from £27,212 to £35,776, leaving net profit down from £40,819 to £35,777.

The interim payment absorbs £13,820. The joint managing directors and their wives have again waived their rights to payment.

The company makes prepared materials for the the bakery and catering trades.

Little change at Wright Bindley

Although taxable profits of Wright Bindley and Gell were down £13,500 at halfway, the year ended September 30, 1973, produced £197,426 against £202,974.

The dividend is maintained at 14 per cent. with a final payment of 9 per cent., 6.3 per cent. net.

	1972-73 £	1971-72 £
Profit before tax	197,426	202,974
Taxation	83,694	89,850
Net profit	113,732	113,124
Extraordinary debit†	13,200	—
Available	100,532	113,124
Dividends	41,011	58,587
Retained	59,521	54,537

† Increase in tax equalisation provision.

The group makes metal valves, taps and fittings.

Meeting, Birmingham, January 30.

DRAKE & CUBITT RELOCATION

As part of its planned re-organisation, Drake and Cubitt Holdings announces an extensive programme of re-location, mainly involving its building and civil engineering division, and a re-structuring of one of the major operating companies within that division.

The re-location means that much of the present Cubitt premises at One Queen Anne's Gate will be vacated and it has been decided to re-group Drake and Cubitt headquarters personnel, who are based both there and at 98, Park Lane, in a new group headquarters in the centre of London.

Consequent upon this re-grouping, Drake and Cubitt Holdings has now concluded negotiations for the sale of both the Queen Anne's Gate and the Park Lane premises for a total in excess of £1.6m.

More growth seen for Int. Factors

International Factors, showing pre-tax profits increased from £422,702 to £454,935, anticipates further growth in 1973-74.

After tax £207,974 (£166,313) the net profit for the year ended September 30, 1973 came out at £246,961 (£256,389).

Dividend payments totalled £78,845 (£216,824), and the carry forward is increased from £44,474 to £215,590.

Chairman Mr. John McQuestion reports six regional offices have now been opened in the U.K. and this investment is producing results with 1972-73 another record year for new clients taken on.

Invoice discounting, after a poor first half, picked up in the second six months. This business, in common with the financing side of the factoring operation, was affected by high interest rates. However, the narrowing of margins together with the initial cost of regional expansion has been covered by growth, he stated.

Total business handled has increased to £78m. of which £23m. was international. Earnings per £1 share were 31.3p (32.5p).

Borrowings grew from £1.93m. to £3.11m., accounts receivable from £9.06m. to £13.51m., and amounts due from £5.29m. to £8.61m.

The Danish branch expanded rapidly during the year and is now handling an increasing volume of factoring. Ireland also continues to make progress.

The company is a subsidiary of Lloyds and Scottish (75 per cent.) and First National Bank of Boston (25 per cent.).

GODSELL IN SWITZERLAND

Godsell and Co. has set up a subsidiary in Geneva—Godsell and Co. SARL—to operate as foreign-exchange brokers. The company, which will not be able to carry out any activities except those pertaining to administration in Switzerland itself, has a capital of Sw.Frs.20,000. President is Mr. R. Porter.

FINANCIAL TIMES STOCK INDICES

—	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 7	A Year ago
Government Secs.	60.79	60.24	59.87	59.43	59.32	59.65	72.19
Fixed Interest	59.98	59.58	59.23	59.04	59.45	59.92	73.35
Industrial Ordinary	305.9	315.2	327.5	330.9	335.4	340.8	513.5
Gold Mines	183.4	180.1	176.1	173.3	170.9	170.2	93.8
Odr. Div. Yield%	6.10	5.93	5.72	5.69	5.61	5.50	3.18
Earnings Yld % (full) (a)	13.71	13.34	12.90	12.81	12.65	12.38	†5.13
P.E. Ratio (net) (a) (b)	9.96	10.26	10.61	10.67	10.82	11.05	†19.50
Dealings marked	5,485	5,056	5,585	6,473	9,223	10,012	9,360

*10 a.m. 310.4 11 a.m. 311.2 Noon 310.9 1 p.m. 307.6 2 p.m. 305.3 3 p.m. 303.8

Latest index 01-246 8026.

(a) Based on 50 per cent. corporation tax. (b) Nil=9.85. † On old basis.

HIGHS AND LOWS

—	1973 High	1973 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	72.08 (22/1)	59.32 (10/12)	127.4 (9/1/35)	59.32 (10/12/73)
Fixed Int.	73.85 (23/1)	59.04 (11/12)	150.4 (28/11/47)	59.04 (11/12/73)
Ind. Ord.	509.5 (10/1)	305.9 (14/12)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	205.6 [illegible]	93.6 [illegible]	205.6 [illegible]	45.5 [illegible]

S.E. ACTIVITY

—	Dec. 14	Dec. 13
Daily—		
Gilt Edged	112.6	102.9
Industrials	182.8	168.2
Speculative	91.2	81.7
Totals	124.9	115.1
5-day Av.—		
Gilt Edged	120.3	126.3
Industrials	218.5	252.1
Speculative	93.4	102.7
Totals	144.9	165.5

Basic 100 Govt. Secs. 15/10/26 Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

FT—ACTUARIES INDICES

—	Dec. 14	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 7	A Year ago
Industrial Group	126.22	134.41	135.78	136.73	138.56	141.30	211.25
500 Shares	135.22	142.92	144.44	145.78	147.87	149.98	220.39
Div. Yield pc	5.66	5.36	5.30	5.25	5.17	5.10	3.31
P/E Ratio (net)	10.72	11.33	11.45	11.56	11.73	11.89	†17.69
All Share	134.36	142.02	143.82	145.12	147.11	150.05	220.39
Consols Yield pc	12.41	12.48	12.55	12.65	12.62	12.53	9.61

† On old basis.

INSURANCE BASE RATES

† Atlantic Assurance	15 %

† Address shown under Insurance and Property Bond table.

BANK BASE RATES

Allied Irish Banks Ltd.	13 %
Anglo-Eastern Bank	13 %
Anglo-Portuguese Bank	13 %
Henry Ansbacher	13 %
Audley Holdings Ltd.	13½%
Banco de Bilbao	13 %
Bank of Cyprus	‡13 %
Barclays Bank	13 %
■ Wm. Brandt's	13 %
Brit. Bk. of Commerce	13½%
Brit. Bk. of Mid. East	13 %
■ Brown Shipley	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	13 %
Choulartons	13 %
City and Western	13 %
C. E. Coates	13 %
Consolidated Credits	13 %
Co-operative Bank	*13 %
Copleys Bank	13 %
Corinthian Securities	13 %
Credit Lyonnais	13 %
Credito Italiano	13 %
G. R. Dawes	13 %
Dawnay Day	13½%
Duboff Brothers	13 %
Dunbar and Co. Ltd.	13½%
Duncan Lawrie	13 %
English Transcont.	13 %
First Maryland	13½%
FNFC	13 %
■ Antony Gibbs	13 %
Gresham Trust	13 %
Greyhound Guaranty	13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
Hawtin & Partners	13½%
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Julian S. Hodge	13½%
Italian International	13 %
Jacobs, Kroll	13 %
Keyser Ullmann	13 %
Kinghurst Securities	13 %
Lloyds Bank	13 %
London & County Sec.	13½%
London & European	13 %
London Cavendish	13½%
London Mercantile	13½%
Midland Bank	13 %
■ Samuel Montagu	13 %
Moorgate Mercantile	13 %
■ Morgan Grenfell	13 %
Morris Wigram Ltd.	13 %
National Westminster	13 %
Northern Comm. Trust	13 %
Norwich General Tst.	13 %
Portman Guaranty	13 %
■ Rea Brothers	13½%
P. S. Refson & Co.	13 %
■ N. M. Rothschild	13 %
Royal Trust of Canada	13 %
St. Mary Axe Finance	13 %
E. S. Schwab	13½%
Security Tst. Co. Bhm.	13 %
Shenley Trust	13 %
Standard Guarantee	13 %
Sterling Credit	13½%
Sterling Industrial Sec.	13 %
Stewart Salmon & Co.	13 %
Swiss-Israel Trade Bk.	13 %
Thames Guaranty	13 %
Trade Development Bk.	13 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	13 %
Wallace Bros. Sassoon	13 %
Whiteaway Laidlaw	13 %
G. T. Whyte	13 %
Williams and Glyn's	13 %
Wintrust	13 %
Yorkshire Bank	13 %

All deposits under £10,000 limited to 9½% as per Bank of England request.

■ Members of the Accepting Houses Committee.

* 7-day deposits £10,000+ 11½%. 1-month deposits 11½%.

† 7-day deposits in excess of £10,000 up to £25,000 11½%, over £25,000 12%.

§ Demand Deposits 12% £10,000 and over.

‡ Linked to M.L.R.

MINING NOTEBOOK

There's still a golden glow in the sky

BY LODESTAR

THE HALF-YEARLY dividend season for South Africa's gold mines has now come to close. It has been a good one. The predictions put forward here, I am glad to say, have been mostly surpassed. In fact, it was only the widely diversified calculations for Kloof that presented anything like a disappointment for the optimists. Predictions of this mine's total payment for the year to next June have now been scaled down to a more sober looking 65 cents (42p).

The next declarations will be coming along in March and June of next year. The general lesson to be learned is that the mining houses are currently prepared to be generous in their distributions despite all the threats imposed by cost inflation.

There are still buyers about for one of this column's former favourites among the more elderly mines, Libanon. The interim of 35 cents was in line with the forecast given here but some analysts are now increasing their estimates of the June final with predictions of the 1973-74 total ranging up to as much as 90 cents (58.1p) compared with the 75 cents put forward earlier this month.

Bougainville

In Australia Bougainville Copper shares have been drifting steadily downwards despite the high levels of the copper and gold prices. It was, of course, anticipated that there would be some selling once holders of NBHC Holdings got their separate allocations of Bougainville and Australian Mining and Smelting shares. The theory was that many people would opt to retain the latter and get rid of the former.

The great question now is whether such an exercise is still right. At least some Australian brokers are beginning to wonder whether it is. The views of one of them, Melbourne's Guest and Bell, sum up the line of reasoning. They estimate that the full year profit will be in the vicinity of 50 cents (32.2p) a share. Then they go on to discuss the Papua-New Guinea political shadow which persistently hangs over Bougainville's market price.

The main factor is the continued uncertainty as to what the terms may be if the PNG Government insist on re-negotiating the original deal with the company. They have called in experts from overseas to advise them on this. The consensus of their opinion is that a re-vamping of the tax structure would be preferable to any straightforward increase in the Territory's 20 per cent. stake in the mine.

The brokers reckon that the tax approach has much to commend it as it does not require the Government to put up more capital; ensures that the nation shares in the cyclical metal price bonanzas; and may be of more encouragement to the overseas interests such as Kennecott which are involved in other potential projects than a reneging on an originally mutually acceptable agreement.

They go on to say that another consideration which may "weigh against stealing some equity can be found in the attitude of private Australian shareholders and tax-payers who, after all, will be asked to bankroll the new country to the tune of about $120m. (£77m.) annually."

OMA speaks out

The conclusion is reached, although it has an understandable question mark after it, that the political risks in Bougainville may perhaps have been discounted. At least former NBHC holders who have not already acted may find it worth while to ponder further before deciding to sell Bougainville and retain the wider, but now perhaps vulnerable, spread offered by AM & S. Friday's London price was 125p.

In view of the battles for the world's mining industries that are fought in this column from time to time it is pleasing to see that the home-based industry itself is not entirely backwards in taking up the cudgels on its own behalf. Thus Mr. Jim Hinves, the retiring president of the Overseas Mining Association, says in the annual statement regarding the rising tide of economic nationalism that "it is sad to reflect on the extent to which even some of the older Commonwealth countries are now actively discouraging international investment in mining exploration and development."

He goes on to say that the soaring costs of establishing new mines coupled with the unprecedentedly high cost of money present the industry with a situation which, viewed in the light of deterrent acts by a number of governments against overseas mining investment during the past year and also a growing tendency to equate the transnational company with the transgressor, could turn mining's traditional challenge into a "chamade."

This seems an odd word to use in any passionate appeal to the simple people of governments and the mining world. For their edification the dictionary definition is "the beat of a drum or sound of a trumpet demanding or announcing a surrender or parley." So Australia at least should now know why it is expected to stand up and be counted.

Mr. Hinves concludes, quite rightly, that OMA will continue to press upon those governments with whom it has to deal the value of its role in finding, financing and bringing into production sources of increasingly valuable raw materials.

One of the reasons why Mr. Hinves no doubt speaks from the heart is that he is a director of Selection Trust which is in the frustrating position of having made the major Agnew nickel find in Western Australia, naturally at considerable cost, but is finding that one of the hindrances in the way of its exploitation is the hostile attitude adopted by the country's Federal Government towards overseas mining groups.

At least officials of the world's biggest nickel producer, Canada's International Nickel, were trying to spread a little cheer about the long-term prospects for the metal in New York last week and, significantly or no, were prepared to admit that the price trend was definitely "up" although they were naturally cagey about predicting any rise in Inco's producer quotation which sets the pattern for the free world.

Roebourne

It is a long time since I made any addition to my "whatever happened to" series for Australian explorers. I have now been getting a number of queries about Roebourne Exploration which had a post mining boom upsurge last year. The price reached 200p just over a year ago. On Friday it was a humble 13p. The original excitement was prompted by an alleged nickel find in the Youanmi area of Western Australia and the connection with the company of Mr. Geoff Burrill who obtained considerable notoriety in the great days of Poseidon.

Now the news from Roebourne is on a much more muted note. At Friday's meeting the chairman was mostly concerned about a Coolgardie gold project in which it has now built up a 100 per cent. interest. He did not give any details but said that a royalty payment would be entailed.

An important element in the situation is water. Roebourne has been working on this and has acquired a water potential. If it proves sufficient it is considered that the gold prospect will be viable providing the gold price remains above the current $A60 per ounce. I regret that this is all the comfort I can give shareholders who joined in last year's share jamboree but at least the company is soldiering on.

Finally, if anyone is indeed bold enough to have his buying boots on in overseas stocks it might be wise to wait until to-morrow in case Mr. Barber widens the 25 per cent. surrender net in the investment currency market.

INSURANCE

A problem for insurers

BY OUR INSURANCE CORRESPONDENT

WITH SPECULATION this morning of what the Chancellor might say this afternoon, it may perhaps seem untimely to mention some of the Government's proposals for the long-term changes in our taxation procedures. But optimistically the present crisis must eventually pass while pessimistically taxation will always be with us and so reformative improvements in our tax laws must be planned even if they can only be put into effect slowly.

In the autumn of 1972 the Government published a Green Paper (Cmd 5116) containing its proposals to introduce a tax credit system eventually. The foreword to the Green Paper explains the reasoning: the individual and the community stand in close relationship with one another through the twin systems of PAYE and social security benefits. PAYE is concerned with what the individual pays, social security benefits with the support he receives. The proposal is to build on these two systems and to create a new and simpler system which over a wide part of the field will bring together what people pay and what they receive.

Then in December, 1972, a House of Commons Select Committee was set up to consider the Green Paper and to consult with all interested parties: its report published in June recommended in principle the adoption of the scheme. From the Queen's Speech at the opening of the present session of Parliament it seems reasonably certain that some of the enabling legislation will be disclosed in next April's Finance Bill.

As outlined, the scheme will apply to employed persons earning more than the contemplated minimum wage. As it is expected that the scheme will take several years to become operative present state minima are irrelevant. At present it is not planned that the scheme will cover self-employed persons.

The notion is to eliminate PAYE in its present form, to eliminate annual tax adjustments for many taxpayers and thereby to make an eventual saving in our civil service force which is optimistically set at between 10,000 and 15,000.

Broadly speaking tax credits will replace tax reliefs and it is in this area that the life assurance companies have a positive interest, for by present law tax reliefs are allowed on life assurance premiums. The House of Commons Select Committee has come up with the proposal that tax reliefs should be given to the policy holder by allowing him to deduct his 15 per cent., or whatever is the normal current rate of tax relief, from each premium payment made on a qualifying policy: the life offices would then recover the missing 15 per cent. from the Inland Revenue.

Extra work

One question which insurers must ask is how much extra administrative work they have to do in undertaking part of the Revenue's work and in substantiating how much money would be due to them: another question is how quickly the Revenue would pay. The life companies cannot contemplate lightly any increase in overheads affecting long-term business or any temporary loss of investment income, particularly as the price for long-term business was fixed a while back without the present changes in mind.

For insurers a major difficulty must lie in the identification of those premiums that are payable net of tax—a considerable programme of coding for computer sorting and premiums would be required by each company. And this programme would not have to distinguish only between qualifying and non-qualifying policies (those that are eligible or ineligible for tax reliefs under the rules established by the 1968 Finance Act) because many potentially qualifying policy holders cannot in fact claim tax reliefs: for example holders of policies on lives of others can obtain no relief unless they are husbands and wives not assessed separately.

As the tax laws stand at present one-sixth of income represents the maximum amount of premium on which relief can be claimed. It is simple for the Inspector of Taxes from the taxpayer's annual assessment form to see whether this limit has been exceeded and to adjust the tax relief accordingly. If the same system were to be continued, insurers would need to know your income and mine, and I think rightly we should all object to giving them this information—even if the life offices wished to have it, which I understand they do not. The Select Committee's report suggests the replacement of the percentage income limit by a flat rate limit— which provides a solution to the disclosure problem only if the new limit is fixed at a high enough level: and whatever limit is chosen there are bound to be some cases needing special treatment either by the tax authorities or the life companies or both.

Obviously in these and other related areas the life offices and the Inland Revenue have much to discuss. While with the rest of us the life offices will surely support a simplification of our tax laws they must be entitled to tell the Revenue to think again if the consequence of these changes is to turn them without any recompense into unpaid tax collectors.

Shortage of bunkers keeps tanker charters depressed

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THERE was little change in the depressed oil tanker charter picture last week. The main considerations were still whether or not bunkers—fuel for the ships carrying the oil—were available. This was a dominating point in every chartering operation.

"Oil company relets continue to dominate the Persian Gulf sector and there seems little likelihood that this pattern will change in the near future," says John I. Jacobs and Company in its weekly market summary.

Fixtures reported for Persian Gulf to the west last week ranged from below Worldscale 50 for supertankers to about Worldscale 125 for 50,000-tonners. With the considerable increase in bunker prices—in some exceptional cases from $30 to $120 per ton for fuel oil—the previous break-even point for supertankers in the 200,000-tons range of between Worldscale 27½ to 35 per cent. is now about Worldscale 50.

Lambert Brothers Shipbroking gives the rates at the end of last week, nominally, at Worldscale 72½ for 60,000-70,000 tonners from Persian Gulf to Continent, and at Worldscale 140 for 18,000-tonners from Caribbean to U.K.-Continent.

"The same dreary pattern has been repeated during the past week—a mere trickle of inquiry quoting and most of these few cargoes 'subject stem'. Large vessels have yet again been forced to accept part-cargo voyages in order to keep moving while other vessels have been lying in the Persian Gulf for some considerable time awaiting the opportune inquiry."

London tea sales

At the tea sales held in London last week 40,309 packages sold realised an average price of 45.70p per kilo compared with 46.42p at the previous sales and against 45.02p a year ago. Plain tea was quoted at 39p.

	No. of kilos	Average per kilo
African Highland Prod.	3,139	49½p
Assam Co.	20,651	50p
Assam Dooars	5,762	44½p
Assam Frontier	37,249	48p
Attaree Khat	30,205	47p
Borelli	12,344	47½p
Chubwa	13,799	50½p
Cons. Estates	49,155	56p
Cons. Tea and Lands	57,382	42p
Dekhari	35,055	50p
Eastern Assam	17,904	48p
Empire of India	1,527	43p
Hope and Co.	13,826	46½p
Imperial	16,405	48p
Jokai	117,264	48p
Jorehaut	31,175	48½p
Kanan Devan	23,553	47p
Kenya	21,042	52p
Luieri	10,862	51½p
Namdang	4,938	43p
Narabedde	18,777	53p
New Dimbula	12,733	63½p
Ouvah	29,122	57p
Pabbojan	74,498	47p
Rue Estates	12,000	44p
Scot. Tea and Lands	71,639	53p
Spring Valley	15,623	55½p
Standard	26,005	62p
Tinuri	18,130	46½p
Upper Assam	37,197	49p

Stock at December 7 amounted to 54,394 metric tons compared with 64,160 metric tons a year ago. Converted at 43,334 kilos per package.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Prospects are brighter

BY MARY CAMPBELL

PRICES of straight dollar denominated Eurobonds improved somewhat last week. Convertibles however fell off significantly—down to the recorded lows for the year on average. The Bondtrade indices on Friday were as follows: medium-term straight dollar bonds—97.51 (97.17 a week previously); long-term straights—91.61 (91.30); and convertibles — 110.21 (113.02).

Turnover too was down with the Cedel handling transactions worth a nominal $183.2m. last week ($153.0m. the week before) and Euroclear $193.8m. ($319.9m.).

The 98½ per cent. final pricing of the European Investment Bank's $30m. issue was not very encouraging and is if anything likely to cause issue managers to wait well into January before tackling the market again.

In the non-dollar sectors of the market, the Swiss franc international bonds came under some pressure last week because of end-year liquidity shortages pushing up Swiss franc interest rates. The coupon on future Swiss franc issues is expected to be raised a quarter point on the present ruling rate of 6¾ per cent. *The current issue in the market* —Manitoba Telephones—therefore appears to be in difficulty.

In the D-mark sector by contrast, the market is more optimistic than for some time. There is apparently some sign that the falls in domestic interest rates are beginning to have some impact on the DM international bond market. Though prices fell again last week and turnover is still low, market operators feel that they may be bottoming out.

In the absence of any major *development in the market* at present, issuing houses and Eurobond dealers are busy examining the prospects for next year. There is one point on which everyone is united: that for the dollar sector 1974 at any rate will be substantially more comfortable than 1973.

Last Friday, at a conference on the Eurobond market organised by International Business Communications and the International Insider, the panel of speakers were unanimous that short term rates will come down next year. That long term rates will follow is much more doubtful; but any falling off in short rates should mean that issues will be possible at rates acceptable to borrowers.

Commerzbank expects profits to decline

By Andrew Hargrave

FRANKFURT, Dec. 16.

THE COMMERZBANK, third of *West Germany's "big three"* commercial banks, expects—like the other two—lower profits in 1973 although, unlike them, its surplus on credit business actually increased.

As the interim report indicates, the surplus on credits in the first 10 months of this year increased by 6 per cent. to almost DM430m. There was an increase of 8.8 per cent., to DM162m. on bank commissions.

Against this, personnel and material costs rose substantially, particularly the former—by 16.5 per cent. or DM53m. to DM373.5m. Moreover, the Executive Board comments, *although money market operations* had brought a higher yield, these could not entirely compensate for the insufficient credit margins. The securities and issues side suffered from the weakness of the equity market, though there was a revival in the bond market towards the end of the period under review.

Assets of the bank rose in the 12-month period to October 31, 1973, by DM2,503m. to DM28,080m. The bank's total business rose by some DM4,000m., largely due to the performance of the branches in London and New York.

However, less than half of the increase could be devoted to expanding the credit business: the rest went towards improving liquidity.

In 1972, Commerzbank achieved a profit of DM110m. and paid a 17 per cent. dividend.

Mitsubishi in French link

MITSUBISHI CORP., of Japan, has agreed with Banque de Suez et de l'Union des Mines, of France, for joint development of projects in Middle East and African nations.

Officials said the agreement called for close co-operation for mutual benefit and holding of a regular working committee to discuss "concrete" projects.

Dai-Ichi Kangyo Bank has agreed with BankAmerica Realty Services, a U.S. subsidiary of BankAmerica Corp., to establish in Japan next month a management consulting company.

The new concern, Tokyo Investment Services (International), is expected to be capitalised at Y100m. and be owned 50 per cent. by BankAmerica Realty and the balance by three Dai-Ichi Kangyo Bank group companies, including Dai-Ichi Kangyo.

Jardines to expand in Fiji

JARDINE MATHESON AND C... has expanded its interests ... Fiji, to be represented by a new... established subsidiary—Jardin... Matheson and Co. (Fiji).

Jardines acquired an intere... in Hunts Holdings, a leader ... Fiji's travel industry, early ... 1972. Hunts Holdings is no... becoming a subsidiary of th... Stinsons group of companie... thus bringing together two ... Fiji's oldest family concern... Jardines will acquire a signi... cant shareholding in the reco... *structed group* through th... contribution of its shareholdi... in Hunts and the injection ... cash to expand the capital of th... new group.

AUSTRALIAN WEEKLY LIST

Australian $	Dec. 14	Nov. 30	Australian $	Dec. 14	Nov. 30
Advertiser Newsp'p'r	2.06	2.14	Kiwi Int.	0.71	0.75
Ansett Transport	0.66	0.66	M.L.C.	‡3.25	3.75
Assd. Securities	1.32	†1.27	Mauri Bros. & T.	1.04	1.03
Aust. Guarantee	1.71	†1.80	Mayne Nickless	1.24	1.30
Aust. & KanlosC'm't.	†1.32	1.41	Nylex Corporation	†1.04	1.04
Aust. Paper M'nf'r'g.	1.58	†1.60	Olympic Cons.	0.76	†0.74
Boral	1.73	†1.80	Overseas Corporation	1.67	1.70
Bramble Inds.	1.15	1.17	Petersville	0.27	†0.29
Burns Philip	3.77	3.80	Queensland Cement	2.86	2.97
Carpenter (W.R.)	2.00	2.02	Queensland Ins.	2.80	3.07
Castlemaine Perkins	4.12	4.42	Rocla Industries	1.59	†1.78
Coal & Allied	1.24	1.26	Swan Brewery	1.77	1.82
Commercial Bank	3.11	3.08	TV Corporation	†2.25	‡2.85
Commercial Union	†0.90	‡0.88	Thiess	1.24	†1.34
Commonw'lth Mining	2.05	‡2.20	Thomas Nat. Trans.	1.59	†1.68
Grace Bros.	1.83	1.84	Tooheys	1.68	1.79
Hardie Asbestos	‡4.25	4.35	Travelodge	†0.50	†0.61
Herald & Weekly	3.13	3.29	Woodside Burmah	1.69	1.49
Humes	0.97	0.99			

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

Company	Prices Dec. 16 1973	Change on the week	Company	Prices Dec. 16 1973	Change on the week
Banking Insurance and Finance			**Investment Companies**		
Bank Leumi Le Israel	260.5	+9	Bank Leumi Invest	174	+3.5
I.D.B. Bankholding	160.5	−3.5	Discount Bank Invest Br.	202.5	−6
Bank Hapoalim Br.	317	—	'CLAL' Israel Invest	180.5	−2.5
Union Bank of Israel Br.	284	−1	**Commercial and Industrial**		
Israel British Bank Br.	319.5	—	Alliance Tire & Rubber	494.5	−45.5
United Mizrachi Bank	140.5	+3	Elco Br.	113	+6
Israel Central Trade	200	+4	Argaman Textile Br.	288	+4
Hassneh Insurance Br.	189	+6.5	'Ata' Textile 'B'	115	−1.5
Wolfson Clore Mayer Br.	88.5	+0.5	Dubek Br.	325	+3
'Tefahot' Israel Mort Bank Br.	202	—	Elec. Wire & Cable Br.	172	−1.5
Sahar Insurance Br.	204	+7	Solel Boneh 10% Pref. Br.	138	−1
General Mtge. Bank Br.	205.5	+1.5	Chemicals and Phosphate.	52.5	—
Land Development			American Israeli Paper Mills	262	−7
Africa Israel Invest IL 10	266	−7	Assis	205	+6
Israel Land Develop. Br.	163	—	Taal Manuf. of Plywood Br.	194.5	−8.5
Mehadrin	190	−3			
Pri Or	164	—			
Public Utility			**Fuel and Oil**		
Israel Electric Corp.	86	+3	Delek	139	−2

Source: Bank Leumi Le Israel, Tel Aviv.

HONG KONG

Hong Kong $	Dec. 14	Dec. 7
Government Loan	85.00	85.00
Amalgamated Rubber	3.27	3.20
B. & S. Industries	9.60	10.00
Bowaters	*16.00	16.35
Cathay Securities	*3.00	*3.70
China Light & Power	21.00	‡21.00
City Hotel	34.75	37.30
Cosmopolitan Properties	1.29	1.00
Hong Kong Aircraft	*18.00	18.50
Hong Kong & Whampoa Dock	‡20.70	22.40
Hong Kong Electric	4.20	4.00
Hong Kong Kowloon Wharf	18.80	19.10
Hong Kong Land Invest.	9.05	9.35
Hong Kong and Pacific Invs	†2.15	†2.15
Hong Kong Shanghai Bank	27.50	27.20
Hong Kong Shanghai Hotels	13.00	13.60
Hong Kong Telephone	33.00	*33.00
Hong Kong Tramways	13.30	14.00
Hutchison International	7.90	8.20
Do. Do. Preference	*370.00	*370.00
Internat. Pacific Securities	6.50	*7.20
Jardine Matheson	31.50	31.75
Jardine Secs.	8.15	8.40
Lombard Insurance	245.00	245.00
Pelder America	*5.20	5.20
Pelder Australia	*5.00	*5.00
Rubber Trust	2.65	2.70
Sime Darby	8.80	8.90
Slater Walker	*19.00	*19.00
Southn. Pac. Prop	1.90	1.86
Southsea Textile	28.00	*26.50
Sun Hung Kai	2.55	2.60
Taikoo Swire	7.65	8.00
Textile Alliance	40.00	42.00
Textile Corp of Hong Kong	†4.10	4.25
Wheelock Marden	5.15	5.45
Winsor Industrial	25.80	24.50
Wynncor	8.90	9.40

†Ex div. ‡Ex all. * Nominal. §Interim div.

SINGAPORE PRICES

Dec. 14	$	Dec. 14	$
Industrials		Straits Times	—
Boustead	†5.10	Straits Trad'g	6.50
Dunlop	3.68	Temenggohg.	3.38
Eastern Smelt	2.56	U. Engineers.	2.98
Esso	2.98	Wearne	3.36
Fraser Neave	5.76	Tractor	3.66
Gammon	1.50	Chemical	4.05
Haw Par	3.64	Will'm Jacks	2.30
Hume Ind.	‡3.80		
Inchape	6.85	**RUBBERS**	
Jardine	†10.50	Batu Lintang	1.68
Malay Bwys.	6.90	Dunl'p Estate	2.78
Malay Cemt.	‡3.90	Kempas	‡3.90
Malayan Cont	†2.12		
Mal. Tobacc.	4.30	**TINS**	
Metal Box	2.60	Austral. Am.	3.20
Imp. Secs.	1.10	Berjuntai	12.10
Ov'sChase Bk	6.50	Kampar	—
Robinson	3.01	Kramat	—
Rothmans	2.89	Kuchai	†1.20
Shell	2.70	Lower Perak	1.77
Sime Darby	4.26	Petaling Tin	—
Cold Storage	4.00	Sungai Way	1.46
Straits S.	3.04	Tongkah Har.	—

* Buyer † Seller.

JOHANNESBURG

MINES

Anglo-Amer. Cpn.	5.00	−0.10
Buffels	22.00	+1.00
Cons Gold	13.60	
Charter	†2.80	−0.05
East Dries.	7.35	−0.05
Elsburg	3.00	
Harmony	7.20	+0.10
Kinross	4.70	+0.05
Kloof	13.50	+0.25
Leslie	1.25	+0.04
Pot. Platn.	2.30	−0.30
St. Helena	21.00	
Southvaal	7.20	−0.10
Goldfields S.A.	28.80	+0.25
Union Corp.	3.95	−0.08
De Beers Def.	4.25	−0.20
Blyvoors	8.80	−0.20
E. Rand Props.	9.00	+0.25
F. S. Geduld	19.00	
Harties	26.25	−0.25
Pres. Brand	19.40	−0.10
Pres. Steyn	18.60	+0.25
Stilfontein	4.90	
Welkom	3.55	−0.05
West Dries.	38.00	
Western Holdings	†32.50	
Western Deep	17.25	+0.25
INDUSTRIALS		
African Explos and Chem.	2.45	−0.08
Anglo-Alpha Cement	1.25	−0.02
Associated Furniture	1.85	
Barlow Rand	3.20	−0.25
CNA Investments	3.00	+0.10
Currie Finance	0.52	+0.02
EverReady S.A.	1.70	−0.05
Glen Anil Development	4.80	−0.20
Greatermans Stores	†3.45	−0.10
Guardian Assurance (S.A.)	1.20	−0.05
Huletts	3.60	−0.05
LTA	†1.30	
Nedbank	†7.90	−0.10
OK Bazaars	†7.35	
Ovenstone Investments	1.30	−0.10
Premier Milling	†5.20	+0.10
Pretoria Cement	3.10	−0.05
Rand Mines Properties	†2.25	−0.15
Rembrandt Group	2.30	−0.05
Reynold's Bros.	3.90	
SAPPI	1.78	−0.17
Schlesinger Insurance	1.10	−0.07
Slater Walker (S.A.)	2.15	−0.10
Sorec	†1.45	−0.05
S.A. Breweries	1.44	−0.06
S.A. Distilleries and Wines	3.80	
Syfrual	2.55	−0.10
Tiger Oats and Natl. Milg.	6.15	−0.05
Tollman	0.90	

AUSTRALIA

Dec. 14	Aus$	
Acrow Australia	0.87	−0.
AdelaideBrightonCem't50c	1.23	−0.
AlliedMnfg.Trdg.Indus $1	2.56	...
Ampol Exploration	0.82	...
Ampol Petroleum	†0.57	+0.
Assoc. Minerals	—	...
Assoc. Portland Cement	1.10	+0.
Assoc. Pulp Paper $1	1.36	...
Aust. Con. Industries	2.23	+0.
A.N.I.	1.19	+0.
Aust. Oil & Gas	†0.13	+0.
Blue Metal Ind.	1.51	+0.
Bougainville Copper	1.61	+0.
Broken Hill Proprietary	7.24	+0.
Broken Hill South	2.16	...
Carlton United Brewery	2.46	+0.
G. J. Coles	1.45	...
Colonial Sugar Refin ($1)	3.82	...
Cons. Goldfields Aust.	2.97	−0.
Container ($1)	3.25	−0.
Conzinc Rio Tinto	3.63	+0.
Cork Investments	‡0.38	...
Costain Australia (25c)	‡1.10	+0.
Dunlop Rubber ($1)	0.97	+0.
Eastralian Securities	‡2.50	+0.
Elder Smith Gold M ($1)	†2.25	...
E. Z. Industries	‡3.10	...
F. & T. (25c)	1.21	...
Hamersly Holdings	†1.13	..
Hanimex	1.77	..
Hooker	1.25	+0
I.C.I. Australia	1.92	+0
I.A.C. Holdings	1.29	−0
I.P.C. Aust. Invest	†1.18	..
Inter-Copper N'L (25 cents)	‡0.32	..
Interwest (20 cents)	‡0.18	..
Jones (David)	†1.47	..
Leichardt Exploration	0.05	..
Magellan Petroleum	0.85	−0
Moonkatharra Minerals	‡0.04	+0
Metals Exploration	0.71	−0
MIM Holding	1.99	..
Myer Emporium	1.66	−0
News	2.87	..
Nicholas International	0.89	..
North Broken Hill	1.21	−0
Oil Search	†0.11	..
Pioneer Concrete	1.64	..
Reckitt & Colman	†2.15	−0
Reco	1.63	+0
St. James Properties	1.02	..
Slater Walker	0.66	−0
H. C. Sleigh	0.51	−0
Southland Mining	‡0.40	..
Stocks & Holdings	3.95	..
Tooth ($1)	2.61	−0
Unochrome	0.54	..
Waltons	1.79	−0
Western Mining (50 cent).	1.24	+0
Woolworths	0.89	−0

CANADIAN WEEKLY LIST

Stock	Dec. 14	Dec. 7
Alberta Gas Tk Line A	9¾	10¾
Argus Corp Ltd.	†20	20
Bethlehem Copper	13½	14¼
Brit. Colom Tele.	51½	52½
Redpath Industries	†24⅝	24⅝
Can. Packers Ltd.	23	†23⅛
Can. Perm Mort.	18⅛	†18
Can. Investment Fund	5.11	5.59
Can. Pac. Inv. Cv. Pf A	30	31½
Canron	16⅞	16½
Conwest Exploration	3.75	4.00
Cornat Ind.	4.20	4.25

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport ‡	Indus *	Util. Φ	Trading volume† 000's
Dec. 14	72.89	172.39	816.65	87.17	20,000
13	72.91	169.92	800.43	86.62	18,130
12	73.04	172.20	810.73	87.54	18,190
11	73.09	177.42	834.18	88.09	20,100
10	73.16	178.23	851.14	88.86	13,390
7	73.18	174.60	838.05	86.98	23,250
6	73.27	170.07	814.12	86.28	26,280
5	73.96	166.96	788.31	84.42	19,180
4	73.27	171.23	803.21	86.05	19,050
3	73.13	172.12	806.52	86.40	17,900
Nov. 30	73.20	175.18	822.25	87.33	15,380
29	72.97	176.36	835.11	88.38	18,870
28	72.96	172.96	839.78	89.12	19,900
27	72.98	166.91	817.73	89.28	19,650
26	73.04	168.72	824.95	89.55	19,850
23	72.90	172.90	854.00	91.13	11,470
1973 High	76.34 (18/1)	228.10 (2/1)	1051.70 (11/1)	120.72 (2/1)	—
Low	71.52 (15/8)	151.97 (22/8)	788.31 (5/12)	84.42 (5/12)	—

* All-time high 1051.70 (11/1/73).
‡ All-time high 279.88 (7/2/69).
Φ All-time high 163.32 (20/4/65).
† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Dec 10	Dec. 3	Dec. 11 1972
4.21	4.28	3.12

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

1973 High	Low	Fri.	Thurs.	Wed.	Tues.	Mon.
65.48 (11/1)	49.05 (5/12)	49.62	48.12	48.85	51.20	52.15

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,830	910	564	356

	Fri.	Thurs.	Wed.	Tues.	Mon.
New Highs	6	8	5	25	18
Lows	286	307	207	85	81

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

1973 High	Low	Fri.	Thurs.	Wed.	Tues.	Mon.
109.82 (12/10)	87.17 (13/12)	87.46	87.17	88.86	91.03	92.08
Volume (000's)		5,090	3,890	3,290	3,110	2,770

STANDARD AND POORS U.S. STOCK INDICES

	*Ind. Ord.	†Composite
Dec. 14	104.42	93.29
13	103.39	92.38
12	104.75	93.57
11	107.62	96.04
10	109.88	97.95
7	108.33	96.51
6	105.99	94.42
5	103.37	92.16
1973 High	134.03 (5/1)	120.17 (5/1)
1973 Low	103.37 (5/12)	92.16 (5/12)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Dec. 12 1973	Dec. 5 1973	Dec. 15 1972
Ind. Ord. yield pc	3.43	3.46	2.90
Ind. Ord. p/e ratio	12.62	12.45	18.62
Long-term Govt. Bds. pc	5.95	5.99	5.81

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
General Motors	254,600	47½	+½
Safeway Stores	198,000	32¾	−½
Upjohn	185,900	72¼	+3
Airco	175,000	17	+¼
Southern Co.	154,300	15¾	—
First Nat. City	137,800	40¾	−½
Monsanto	134,900	45¾	+1⅛
Amer. Home Prod.	123,900	37⅞	+½
Xerox	120,300	115⅜	−1⅜
Texaco	119,100	28¼	+1½

TORONTO

INDUSTRIAL INDEX

Dec. 14	Dec. 13	1973 High	1973 Low
202.07	202.09	238.26 (30/10)	200.44 (22/5)

MONTREAL

INDUSTRIAL INDEX

Dec. 14	Dec. 13	1973 High	1973 Low
227.91	229.35	273.42 (1/11)	215.44 (22/5)

COMBINED INDEX.

Dec. 14	Dec. 13	1973 High	1973 Low
211.95	212.45	349.10 (1/11)	206.83 (28/5)

JOHANNESBURG

	Dec. 14	Dec. 13	High	Low
Industrials	218.7	223.4	292.1 (10/7)	215.0 (7/12)
Gold	239.0	238.5	239.0 (14/12)	176.4 (26/11)

(1958=100.) Source: Rand Daily Mail.

MELBOURNE YIELDS

Av ge yield on 50 Leading Stocks	Dec. 13	Dec. 6	Nov. 29
On Dividends	5.93	5.84	5.78
On Earnings	9.78	9.70	9.60

SYDNEY ALL ORD. INDEX

Dec. 14	Dec. 13	High 1973	Low 1973
433.72	431.99	537.28 (19/1)	431.99 (13/12)

HONG KONG INDEXΦ

Dec. 14	Dec. 13	High 1973	Low 1973
450.90	473.52	1,774.96 (9/3)	450.90 14 12

SINGAPORE INDEX§

Dec. 14	Dec. 13	High 1973	Low 1973
268.48	278.70	611.56 (15/2)	268.48 (13/12)

TOKYO NEW SE INDEX†

Base=100 January 4, 1968.

Dec. 14	Dec. 13	Div. %	Yield %
291.97	292.67	11.90	2.49

1973 High 422.43 (24/1) Low 291.97 (14/12)

EUROPE

	Dec. 14	Previous	1973 High	1973 Low
Belg'm(m)	115.46	115.53	142.33 (22/6)	112.83 (10/12)
Denm'rk(d)	97.82	98.09	128.96 (10/8)	94.17 (11/12)
France (bb)	73.5	72.8	98.9 (4/6)	70.7 (10/12)
Germany*	85.08	86.04	120.71 (23/6)	85.04 (13/12)
Holland (c)	116.2	116.4	171.9 (15/4)	115.2 (14/12)
Italy†	107.87	109.67	147.26 (19/6)	98.25 (16/2)
Sweden(p)	306.33	310.82	399.84 (10/7)	306.33 (14/12)
Switzer'l'd	301.2	306.6	460.1 (27.1)	301.2 (14/12)

* Herstatt Index Base Dec. 31, 1959. ‡ Base 100 Jan. 2, 1973. ** Swiss Bank Corporation Index base 100 Dec., 1968. (c) Closed. (m) Base 1963. (o) Base 100 1963. (p) Base Dec. 29, 1956. (bb) Paris Bourse Committee, base 100 1961. (d) Base 100 January 1, 1973. † Base 100 Jan. 2, 1973. Φ Hang Seng Bank, base 100 July 31, 1964. § Straits Times Industrial, base 100 1966.

OVERSEAS SHARE INFORMATION

NEW YORK

1973 High	1973 Low	Stock	Dec. 14
27⅜	16⅝	Acme Markets	22¾
34	9⅝	Addressograph	9⅝

1973 High	1973 Low	Stock	Dec. 14
313.5	79¾	Corning Glass	80
33¾	25⅝	CPC Int'rnation'l	27⅞
22⅝	14⅝	Crane	16¼
21⅞	15¾	Creole Petrol'm	17⅝
32⅝	20¾	Crocker Nat. C.P.	21⅝
43	23⅝	Crown Zellerbach	34⅛

1973 High	1973 Low	Stock	Dec. 14
52¼	24¾	Joy Manufactur'g	48½
28	13⅛	Kaiser Alumin'm	22
9	4	Kaiser Industries	5⅞
19¾	8	Kaiser Steel	14¼
14⅛	4	Kay	4
39½	23½	Kennecott	38¼

Investment $ premium based on $2.60 per £1—45¾% (43⅝%). Conversion factor 0.7727 (0.7811).

1973 High	1973 Low	Stock	Dec. 14
38	19¾	Zapata	29⅜
55¼	24⅞	Zenith Radio	26⅛
47¾	34⅛	World-wide Sec.	41⅛
63⅝	†60⅛	Chile 3% 1993	63⅝

GERMANY ♦

Dec. 14	Prices Dm	+ or −	Div. %	Yld. %
A.E.G.	100.5	−0.7	10	5.0
Allianz Versich.	449		15	1.7
B.M.W.	177.5	−2.5	16	4.3
B.A.S.F.A.G.	111.1	−0.4	15	6.7
Bayer	102.3	−0.2	14	6.9
Bayer Hypo.	275	+2	20	3.7
Bayer Vereinsbk.	277	−5	20	3.6
Commerzbank	151.5		17	5.6
Conti. Gummi	63		—	—
Daimler	231	−1.5	18	3.9
Degussa	260	+1.5	♦17	3.3
Demag	122	+0.5	♦16	6.5
Deutsche Bank	224.5	−0.7	18	4.0
Dresdner	169.9	−0.6	18	5.3
Dyckerhoff Zem't	207	−0.2	15	3.6
Gelsenberg	81	−0.5	—	—
Gutehofnung	106		14	6.5
Hapag Lloyd	110		9	4.1
Harpener (DM100)	175	+1	9	5.2
Hoecest	106	+1.5	15	7.3
Hoesch	46.5	+0.5	4	4.3

MILAN

Dec. 14	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	5,800	−25	—	—
ANIC	1,004	−10	—	—
Bastogi	1,699	−60	60	3.
Breda	3,860	−20	100	2.
Burgo	15,400	−100	—	—
Cantoni	14,800	−650	150	1
CIGA	5,425		—	—
Cucirini	7,600	−151	300	3.
Dalmine	335	−5	—	—
Erba	14,980	−370	210	1.
Fiat	1,710.5	−30.5	120	—
Do. Priv.	1,260	−10	120	—

AUTHORISED UNIT TRUSTS (p★★★)

OFFSHORE AND OVERSEAS FUNDS (p★★★)

UNIT TRUST PRICES

Prices in pence	December 17	
National Group (‡)		
Nat. Unit 'D' Second Series	130.0	138.2xd
Century Trust	37.0	39.0
Nat. Consolidated Unit Trust	36.2	38.4
Universal Second Unit Trust	77.4	81.7
Commercial Consolidated	36.0	37.9
Hundred Trust	39.0	40.7xd
Gas & Electric Second Series	325.0	339.2
Inv. Sec. General Trust	51.0	53.8
Investors General Trust	29.5	31.4
Provident Investors Second	108.5	114.4

AVIATION DEBT IS £27.6M.

The Civil Aviation Authority has been notified that the aggregate amount of its initial debt from April 1, 1972, is £27.6m.

This amount represents the worth of the assets, less liabilities, transferred to the Authority on that date.

Bank base rates, Page 31

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Dec. 14	Dec. 7	Nov. 30	Nov. 23
Financial Times				
Govt. Secs.	59.93	60.00	61.16	61.30
Fixed Interest	59.46	60.56	61.51	61.93
Industr'l Ord.	323.0	346.6	371.8	389.6
Gold Mines	176.8	167.8	156.8	145.7
Dealings mkd.	6,564	8,178	7,622	7,216
F.T.-Actuaries				
Ind. Group	135.74	143.36	153.90	160.97
500-Share	144.66	152.27	162.86	169.67
All-Share	144.09	152.30	163.78	170.66
20-year Govt.	56.85	56.78	58.22	58.77
Red. Debs.	54.25	55.93	57.79	58.03

SHARE INFORMATION SERVICE: NOTES

Money & Exchanges

Bank of England Minimum Lending Rate 13% (since November 13, 1973)

Short-term interest rates strengthened in the London money market last week, though did not in all cases hold the best touched. The three-month sterling certificate yield rose to 16 per cent. on balance, 15¼ per cent., but touched per cent. during the week. The Treasury bill rate fell 0.0283 per cent. to 12.4643 per cent. at the weekly tender. The minimum accepted bid at the tender was raised ½p to £96.89, and bids at this level were met as to 73 per cent. All £60m. bills offered were allotted, while applications totalled £175.2m. This week £200m. will be on tender, against equal maturities.

Sterling reached the lowest levels of modern times against the U.S. dollar last week, falling to $2.3080-2.3100 on balance, from $2.3260-2.3270 the previous Friday (or by about 0.8 per cent.). Against major currencies as a whole, however, the pound lost ground less sharply, with its trade-weighted average depreciation since December, 1971, against 10 major currencies widening on the week to 18.9 per cent. from 18.4 per cent.

Among the outstanding features of the week was the weakness of forward sterling, with the three-month discount on the pound (against the dollar) widening to 4.45c, from 3.35c, or to 7.71 per cent., from 5.76 per cent., in annual interest terms.

Behind the weakness of the pound were the fuel supply and U.K. labour situation, and the U.K.'s run into substantial deficit on visible overseas trade account. Although the news of a November deficit on visible account of £270m., and of a revision to the October figures to make a £357m. deficit, were relatively well received by the market when announced on Thursday, the pound had fallen substantially in the earlier part of the week in anticipation of relatively large deficit figures. At one point on Tuesday, the pound reached a level of $2.3025-2.3040.

Gold ended in London at $104¾-105¼ an ounce, against $106¾-108 the previous Friday.

EURO-CURRENCY INTEREST RATES*

FOREIGN EXCHANGES

Dec. 14 1973	Bank Rate %	Market Rate: Day's Spread	Market Rate: Close
New York	7½	2.3050-.3115	2.3080-.3100
Montreal	6¾	2.3050-.3120	2.3080-.3100
Amst'dam	8	6.46-.48	6.46-.47
†Brussels	7¾	92.40-95.05	92.60-.75
Copen'gen	8	14.25-.32	14.29½-.31½
Frankfurt	7	6.08-.12	6.09-.10
Lisbon	Δ3¾	57.75-58.75	58.00-.50
Madrid	††	130.50-131.25	130.75-131.25
ΦMilan	6½	1,395-1,409	1,397-1,399
Oslo	4½	15.00-.04	16.07¼-.08¼
‡Paris	11	10.50-.55	10.51½-.52½
Stockholm	5	10.46-.49	10.46½-.48½
Tokyo	7	642-650	644-647
Vienna	5½	44.85-45.05	44.75-45.00
Zurich	4½	7.35-7.39	7.37½-.38½

††Basic discounts. Δ Bank of Portugal discount rate. † Rates given are for convertible franc; closing financial franc 92.55-95.05. ‡Rates given are for commercial franc; closing financial franc 10.86-10.99. ΦRates given are commercial; closing financial rate 1,426-1,451.

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INSURANCE, PROPERTY, BONDS

CORAL INDEX
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The fuel crisis could end an era in air travel, forcing passengers to pay more for worse services

Airlines are fighting for survival

By MICHAEL DONNE, Aerospace Correspondent

WITH THE world's airlines facing the severest test yet of their flexibility and resilience because of the fuel crisis, the industry's leaders are preparing for what is likely to be not only a long-term problem but also one that could change completely the present concepts of air transport. Cuts in services because of fuel shortages now average 20-25 per cent. world-wide.

For some airlines the position is worse than others. British Airways has had to cancel about 1,600 flights out of nearly 6,500 planned between now and the year's end, or nearly one-third, with cuts ranging up to 45 per cent. in the Overseas Division alone. Pan American World Airways has been obliged to suspend all services to and from the U.K. between Christmas Eve and December 31.

This has set the industry back three years. The expansion since 1970-71 has been wiped out in a few weeks, and the volume of capacity now offered is back to the levels of the early 1970s, although so far the volume of traffic itself has not fallen. (In fact, in some areas bookings are running at record levels, making the fuel cuts even more galling for the airlines).

Anxious passengers queue at Heathrow a flights were cancelled at the week-end

Labour lay-offs

Although the outlook is unclear, more fuel cuts, causing additional reductions in flights, are considered certain in the New Year, pushing the industry even further back, to the levels of the mid-1960s. There have already been substantial labour lay-offs in the U.S., with fears that these may spread elsewhere. This is happening to an industry for whom growth has been the principal article of faith for years. Now it is fighting for its survival, with its future no longer in the hands of the industry's leaders. Already, it is clear that many of the industry's plans have had to be abandoned, some temporarily, some perhaps permanently.

Many airlines (especially some of the smaller charter and independent operators) are living on a day-to-day basis in the struggle to get enough fuel to keep existing routes open or charter flights running. Many services have been axed, and even some routes abandoned. But the aim of the airlines world-wide still will be the provision of services on as many routes as possible, even if this comes down to only one a day or even one a week in some cases, in order to keep the network intact.

The airlines, both nationally and internationally, claim it would help if they were given recognition as essential public transport. They argue that this ought not to be too difficult for governments, especially since their fuel needs are comparatively small (in the U.K. only about 4 per cent. of total consumption), and that for such an amount they carry millions of passengers a year. So far, the airlines have tried to keep all classes of service going, serving all sections of the community—business and holiday traffic, scheduled and charter, cargo and mail.

If fuel supplies get worse, it may become necessary to introduce a scale of priorities. This would probably involve relegating holiday flying in favour of keeping scheduled business and economic links open. To some extent, the U.K. is in a more favoured position in this respect than many continental countries, in that London is regarded as the major trunk route for many airlines.

The effects of the fuel crisis are appearing in a variety of ways. Fares will be going up by about 6 per cent. from January 1 as a result of sharply rising fuel bills (some are up by more than 100 per cent.), and everyone in the industry expects further fare rises in 1974. The era of continual reductions in fares, through the widespread use of promotional and other discount rates, is over. Anyone who flies now must expect to pay more.

More people

Other fare changes are probable if fuel problems get worse. The airlines may have to reduce the number of first-class seats, to carry more economy-class passengers. This is not because of the need for more revenue—first-class fares more than cover the cost of the space they use—but because of the fundamental need to carry more people per gallon of fuel.

Passengers also will have to become more flexible in their travelling habits, as flights get fewer and fuller. Airlines will become less tolerant of the "no-shows"—the passenger who books on several airlines in order to ensure a seat, takes only one and fails to cancel the others in good time or at all. Passengers will probably find themselves being penalised financially for this kind of behaviour. They will also have to be ready to change their departure dates and times in order to be sure of seats for the airlines will be trying to pack 1974 loads into the equivalent of 1970 (or earlier) levels of capacity.

None of this means that the airlines are anxious to deter would-be travellers—they are not. What it does mean is that, by being a little more flexible, no one who really wants to fly in 1974 need be disappointed.

It is possible, nevertheless, that the volume of traffic may slacken as fuel embargoes bite deeper. Air transport has always been a sensitive barometer of world economic conditions. When business gets tougher, air travel is one of the first items to be cancelled. Thus, if world economic conditions deteriorate in 1974, the growth of air travel, which recovered to an annual rate of about 12-15 per cent. this year from the 1970-71 recession, could fall back sharply. Few in the industry are prepared to admit that zero growth, or even recession, is a possibility, but it cannot be overlooked.

Any slackening in growth will have repercussions. It will mean a slower inflow of new equipment—even of the bigger, wide-bodied aeroplanes that can carry more passengers per gallon of fuel. Few airlines are now seriously thinking of buying new aeroplanes, not only because of the uncertain future, but also because interest rates are almost prohibitively high. Most airlines will want to hold on to the equipment they have already, squeezing as much life out of it as possible, before replacing it with the wide-bodied aeroplanes.

No bonanza

It has also been claimed that fewer services with higher load factors should result in substantially increased revenues, earning good profits for the airlines. This is arguable. It depends on the maintenance of a high level of passenger demand, and on no worsening of inflation, which has been hitting airline costs hard—in wages and salaries, landing fees and air navigation charges, quite apart from fuel. Few in the industry suggest any financial bonanzas ahead. Most feel that in the present situation it will continue to be a struggle to keep balance-sheets in the black.

Despite the difficulties facing them, however, the airlines still have many opportunities to improve the system, against the time when expansion can be resumed. The consolidation of flights now taking place is helping them do what they have wanted to do for years—cut out many of the uneconomic operations they were forced to indulge in for competitive reasons.

The concept of closer collaboration could also be strengthened. Although some airline groups have already emerged—Atlas and KSSU on the Continent, for example—on the whole the industry still presents a pattern of fragmentation, with immense bitterness between the scheduled and charter sides, and intense competition, despite the existence of pooling arrangements and similar commercial conveniences.

One of the most significant aspects of the fuel situation has been the way in which it has exacerbated the differences between the scheduled and charter sides of the industry, with each claiming a measure of priority in fuel over the other. The sooner the industry can heal this split the better. At the time of crisis, the industry cannot afford this kind of internal strife.

If, as many believe, the immediate future sees a general slowing-down in the pace of development in air transport, the industry will gain an opportunity of correcting many of the other things that have gone wrong over the past 30 years of almost uninterrupted expansion. The airlines, and Governments, will have more time in which to refine many of the controls that constrict the industry—passport and customs controls, for example—and many of the techniques that at present create bottlenecks.

A slower rate of growth may also give more time for a reconsideration of such things as airport policies. It may well be, for example, that what happens in the next few years could make Maplin unnecessary until 1985, instead of 1982 as at present envisaged — although there would probably have to be a major air travel recession to prevent its development entirely.

Fewer changes

The manufacturers, too, will find that the pace of development of new types of aeroplane will be much slower. What is already available in the wide-bodies—the Boeing 747, TriStar, DC-10 and airbus—will be what the airlines make do with for most of the next decade. The habit of introducing a major new generation of aeroplanes every seven years or so is ended. The manufacturers have other things they can do, however. A profitable sideline will undoubtedly emerge in making existing types even easier and safer to fly, as well as in improving their environmental acceptability by reducing noise and smoke pollution. The future may get tougher, but there will still be much to do for everyone involved in world civil aviation.

OVERSEAS MINING ASSOCIATION
TRAUMAS OF TRANSNATIONAL COMPANIES
STATEMENT BY MR. H. J. HINVES

The twenty-eighth annual general meeting of Overseas Mining Association was held in London on 14th December 1973.

In his speech to the members, the retiring President Mr. H. J. Hinves, said:

Tribulations

The past year has witnessed a growing number o uncertainties for the overseas mining industry.

First, the unsettled state of the foreign exchanges, whic floating rates have made a matter of daily concern. has com plicated international financial dealings, made the negotiatio of long-term contracts difficult and hazardous, and tended t throw out of balance the costs and revenues of mining wher these are measured in different currencies. Stability i exchange rates is not at any one country's command, bu our industry has an especial interest in seeing internationa action taken towards the long-term goal of a commonl acceptable basis for currencies. So far as the United Kingdo is concerned, the containment of inflation by limiting th rate of expansion of the money supply could contribut towards this aim.

Exchange controls too have increasingly prejudiced inte national financing and investment and at times one is incline to think that inconvertibility or blocking of currencies ca be even more inhibiting to overseas mining than are fisc obstacles.

But the multiple taxation of the industry remains heavy influence, not only by its sheer weight but also becau of its often capricious side effects. For particular exampl in the United Kingdom the doctrinal basis of the new imput tion tax system, which results in a withdrawal of doub taxation relief when a company's overseas income is di tributed to shareholders, actively encourages a move aw from investment in developing countries because the legisl tion places a fiscal premium on the acquisition of Unit Kingdom income.

There are other aspects of the United Kingdom tax syste which worry us and which we hope to see changed. The include the taxation of non-existent paper profits when share-dealing company receives one share in exchange f another, and the restrictive interpretation which is given Section 83 of the Finance Act 1972 in maintaining doub tax relief where a shareholding is reduced below 10% i circumstances outside the shareholder's control.

The soaring costs of establishing new mines coupled wi the unprecedentedly high cost of money present the indust with a situation which, viewed in the light of deterrent ac by a number of governments against overseas mining inve ment during the past year and also a growing tendency equate the transnational company with the transgressor, cou turn mining's traditional challenge into a chamade The ti of economic nationalism continues to rise and it is sad reflect on the extent to which even some of the older Comm wealth countries are now actively discouraging internatior investment in mining exploration and development.

However, the overseas mining industry is not unfamili with fluctuating fortune either in the irregular and sha variations in metal prices or in the outcome of mine exploration. The industry has, moreover, a record of soc responsibility and regard for local and national interests countries in which it operates. We shall therefore contin to press upon those governments with whom we have to dc the value of our role in finding, financing and bringing i production sources of increasingly valuable raw materials.

Recruitment

One encouraging sign during the year has been the grow success of the Manpower and Careers Unit in attracting i the universities and mining schools a flow of recruits calibre. In this context I am happy to be able to report t the first two open scholarships granted by The OMA Edu tional Trust have recently been awarded and in addition number of students have been helped with bursaries.

UN Workshop

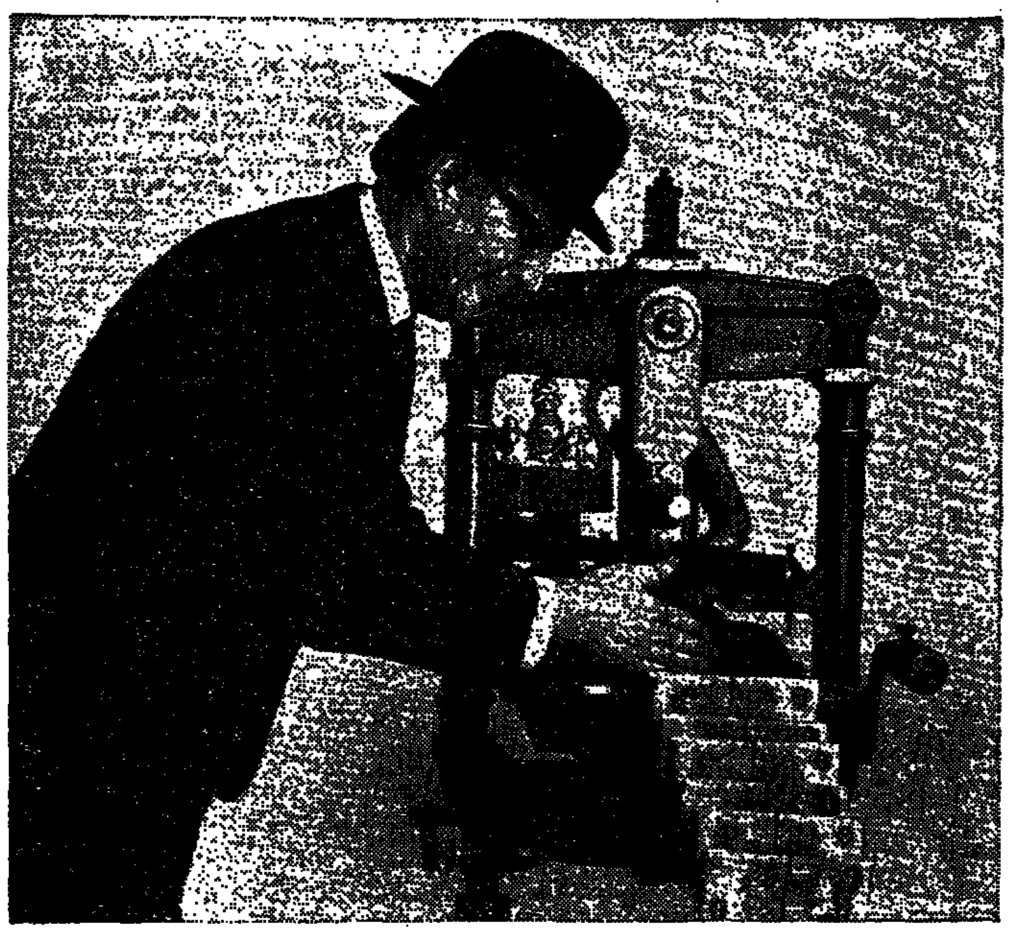
In November 1973 the United Nations sponsored a "wo shop" in Buenos Aires to discuss the negotiation and draft of mining development agreements between governments a mining companies. Representatives of 20 developing countr participated and all conceivable aspects of this large subj were explored. The Association was invited to supply speaker and Mr. Alun G. Davies, a former President of Association, attended. He delivered a paper on taxation a incentives and was invited to state the viewpoint of priv enterprise companies on most matters which were discusse

Acknowledgements

Sir Ronald Prain is today retiring from the Council the Association and I should like to pay tribute to his uni contributions to the Association and to the industry a whole over so many years. It was at his suggestion that Association came into being and he is the only member the Council who has held office throughout its life. He served us in a number of ways, including a term as Presid and we are very grateful for all he has done.

We also owe a debt to Mr. Alun Davies who retired f Chairmanship of the Taxation Committee after serving o for twenty-six years. The industry has gained greatly f his acute mind and powers of advocacy.

Britain has at last found a way to pay all her bills.



As you may have noticed, Britain's economic managers have found a new way to debase the coinage. (Though the effects of it are very similar to the ancient process).

Since the beginning of 1971, the money supply has grown by over 60%. Which is six times faster than output has grown. So a lot more money has been chasing too few products.

This hasn't only forced up the price of those products. It has sucked in imported products from abroad in response to unsatisfied home demand and made it harder for British producers to find goods to export.

Hence the situation which we now face: our balance of payments deficit running at an annual rate of £2,000 million; and our pound devalued by up to 37% in the last 18 months against the German mark, one of the key trading currencies.

In the short-term, this last fact helps us sell more abroad. But Britain will not solve her economic problems by giving away more and more of her products for less and less in return.

This issue goes right to the heart of the difficulties that British managers now face. It's for this reason that Management Today has reported and described this crisis in terms like those printed on this page (and offered solutions, as well).

For the last eight years, in fact, we've been writing about the whole array of problems (and opportunities) that face Britain's managers. Rather than just restricting ourselves to the technicalities of management.

And in the process, with the support of the British Institute of Management, we've attracted more businessmen into our readership than two-thirds of all national newspapers.

Which, we hope, suggests that British managers are now better informed than ever on the real problems and opportunities that currently face them.

A situation that's far more likely to help Britain pay her bills than the method demonstrated above.

**Once you know what Management Today writes about, you'll see why it has more readers amongst businessmen than The Times, The Guardian, The Observer and the Sunday Telegraph.
And only 1% less than the Financial Times.**

Readership information in this advertisement is taken from the Businessman Readership Survey 1973.

THE JOBS COLUMN

Looking to high summer

BY MICHAEL DIXON

WHEN—OR perhaps, if—the next high summer comes. Denzil Fernandez who started a one-car business in 1961, expects to have 400 motors in his self-drive hire fleet. And that's not all.

His company Travelwise has acquired stakes in a graphic design company and in the Land Use environmental consultancy, and intends to grow more in businesses which are both profitable and of justifiable social use.

"Our activities might seem a bit scattered," says Richard Smith, the company secretary, "but they're really linked by what we at Travelwise think is our basic service—supplying professional general management.

"We run the car-hire ourselves, of course, but for the design group and the consultancy we supply only the broad-based management skills that support the professional specialists."

The 100-employee group calculates that in two or three years it would not have enough managers to go round, especially at senior rank. So it wants two people to train for Board-level work by about 1977.

They will first manage part of the unconventionally-run car-hire business. "While you cannot be sure, the petrol outlook for hire cars does not seem too bad," says Mr. Smith (242-244, Brompton Road, London, SW3 2BB).

Then the two will gain experience in the various functions throughout the group. General responsibility is to Mr. Fernandez.

Qualifications? "Success at managing people in some way. And *factual* evidence of self-development: you know, getting better and better at something," Mr. Smith explains. "Those apart, we are open-minded." Age 25-40.

Starting pay up to £4,000. Equity share possible long-term. Other benefits which are identical for all Travelwise employees, include contributory pension.

Mr. Smith says all three activities are in a profit position.

To step up training

AT TIMES like this, one of the first things companies sacrifice is training. Is N. G. Bailey, the privately owned 2,000-employee electrical contractor, therefore shelving its plan to appoint a corporate and management development executive to step up the company's management and apprentice training?

No, it certainly isn't.

"*In this business we don't* rely on plant, just on people. Our future development lies in training, and so we will stay committed to it," says Noel Bailey, managing director of the Ilkley-based concern.

"But we're able to do this largely because we're a private and not a public company. We simply could not look after our future as we now do, if we were public, because the shareholders would want a larger slice.

"As things are, we have grown at better than 20 per cent. compound for 52 years, and we seem up on that rate at present."

The newcomer will be responsible to and work with "*practical perfectionist*" Mr. Bailey in designing and putting into effect new career development patterns with appropriate interleaved training, as well as increasing apprentice training throughout the scattered operations.

The company already has about 400 apprentices, one-and-a-bit "colleges," five training *officers (one for the management side)*, and a training budget of about £150,000.

Improvement of methods and assisting with corporate planning are also parts of the job.

"We want someone with a disciplined but nonetheless imaginative mind who knows industry and management in practice and theory—not just manpower development, though that's most important, but also things like O & M and at least the generalities of computers," adds Mr. Bailey. Age 30-60.

Salary unquoted but, I expect, considerably above my £4,000 floor. Share incentive possible. Car. Contributory pension. Holidays four weeks-plus.

Applications to Derek de Belder of Ashley Associates (75 Mosley Street, Manchester M2 3HR—tel. 061-236-0987).

APPOINTMENTS

Reed International Board post

Mr. R. W. Billingsley has been appointed a director of REED INTERNATIONAL from January 1.

Mr. Billingsley is president and chief executive officer of Reed Paper Group Canada Holdings.

★

Mr. Hugh Fayers has been appointed to the Board of R. H. COLE as a non-executive director.

★

Mr. Stig Ehnbom and Mr. Stig-Erik Erikson have been appointed to the Board of AGA (U.K.). Mr. Ehnbom is appointed managing director of AGA Navigational Aids and the electronics division. Mr. Erikson is appointed managing director of AGA Welding.

★

Mr. G. J. Mortimer has been elected president of OVERSEAS MINING ASSOCIATION for the *ensuing year* and Mr. R. D. Dale has been elected vice-president. Mr. P. M. M. de Wet has been elected to the council of the association.

★

Mr. Norman Tyler has been *appointed an assistant director of* the GLASS MANUFACTURERS FEDERATION with special responsibility for marketing and promotions.

★

Dr. Maurice Bichard has been appointed director of research and development of PIG IMPROVEMENT COMPANY, a Dalgety subsidiary.

★

As a result of bringing together Monsanto Textiles and *Monsanto Chemicals into one* entity in the U.K.—Monsanto Limited—the Board has been restructured.

The new MONSANTO LIMITED Board is as follows: Mr. Franklin J. Cornwell (chairman), formerly chairman of Monsanto's two U.K. companies; Mr. Eric Sharp (deputy chairman), formerly deputy chairman of Monsanto Textiles; Mr. Jack W. Barrett, previously a director of Monsanto Chemicals; Mr. Francis E. Reese, vice-president of Monsanto Company of U.S. and a member of its Board; and Mr. Onnik S. Tuygil, chairman of Monsanto Europe S.A.

★

Mr. J. P. Watson, chairman and managing director of West Midland Steel Stockholders, has been appointed alternate director to the Board of the EXPANDED METAL COMPANY and is to become a full director when Mr. Frank Banfield retires in May.

★

Mr. David Coleman, who has been with the British Tourist Authority for 18 years, has been appointed executive secretary of the newly-formed HISTORIC HOUSES ASSOCIATION.

★

Mr. Kenneth Stewart has resigned from the Board and his executive duties with HEWDEN STUART PLANT but is retaining his shareholding as he hopes to return when his health improves

★

Mr. F. Laverick has been appointed managing director of RICHARDS AND ROSS and Mr. E. W. Fryer becomes a director of STD SERVICES and divisional fuel adviser. The companies are subsidiaries of Tube Investments.

★

Dr. Harry Hookway, chief executive and deputy chairman of the British Library, has been elected president of the INSTITUTE OF INFORMATION SCIENTISTS.

★

Mr. Donald W. Harris has been appointed a director and general manager of METROTECT, a subsidiary of Anglo American Asphalt Company. Mr. Rodney A. J. Webb has also joined the Board. Mr. J. S. McLachlan has resigned from the Board and left the company.

★

Mr. Euan I. Spencer, until recently a director of Dean Witter Commodities, has been appointed managing director of HORNBLOWER AND WEEKS-HEMPHILL NOYES.

★

Sir Philip de Zulueta, chief executive of Antony Gibbs Holdings, has joined the London advisory committee of the HONGKONG AND SHANGHAI BANKING CORPORATION.

★

H. G. Poland has formed H. G. POLAND (AVIATION) and Mr. J. M. Poland, Mr. D. F. Tyler and Mr. D. W. T. Sullivan have been appointed directors.

Mrs D. H. Evans becomes a director and Mr. J. R. O'Brien and Mr. D. Greville-Williams associate directors of H. G. Poland. Mr. I. C. Maclean is now a director of H. G. Poland (Agencies).

Mr. T. C. Shaw has been appointed a director of SPOONER INDUSTRIES.

★

Miss Jean Newnes has been *appointed a director of* METAL PRODUCTS COMPANY (WILLENHALL), with particular responsibility for home market ingot sales.

★

Mr. W. W. Renilson, a director of Lloyds and Scottish, and Mr. Alister D. Mackay, have been appointed to the Board of BRITISH RELAY WIRELESS AND TELEVISION.

★

Mr. Andrew MacKechnie has joined the Board of CITICORP INTERNATIONAL BANK, First National City Corporation's merchant banking subsidiary in London, as executive director in charge of the corporate finance department.

★

Mr. Donald Wratten, senior director of the POST OFFICE giro and remittance services, has been appointed to a newly created senior director post to head the data processing service. Mr. Wratten's responsibilities in the giro and remittance services are being taken over for the time being by Mr. Alistair Hanton, at present vice-director of giro.

★

Mr. J. P. Griggs has been elected *to the office of Chamberlain of* the City of London. He succeeds Mr. C. R. Whittington, who retires on December 31. The chamberlain is financial adviser and banker to the Corporation, controls and administers a large financial department and carries out many ceremonial duties.

★

Mr. John Deeker has been appointed a director and general manager of SCHERMULY.

★

The aviation division of SMITHS INDUSTRIES has appointed the following divisional directors: Mr. C. H. B. Barden becomes marketing director, flight displays and control systems; Mr. J. L. Hollington becomes engineering director, flight displays and control systems; Mr. R. Quayle becomes production director, flight displays and control systems; Mr. J. H. Sykes becomes director and deputy general manager, flight displays and control systems.

★

Dr. Peter G. Caudle has joined the CHEMICAL INDUSTRIES ASSOCIATION and takes up the appointment of director—economic affairs—on the retirement of Mr. Colin Scouller at the end of the year.

★

Dr. Peter Bradfield has been appointed technical director of the RUMENCO GROUP from January 1.

★

Major R. W. Gleadow is retiring as chairman of the HULL BREWERY COMPANY. He will be succeeded by Mr. Nicholas Horsley, chairman of the holding group, Northern Foods.

★

Mr. Charles Morland has been appointed a local director of the Oxford district of BARCLAYS BANK.

★

Mr. Barry Newton Pain, at present an assistant chief constable of the Staffordshire County and Stoke-on-Trent Constabulary, has been appointed chief constable of Kent from April 1.

★

Mr. Jeffrey D. Baars has been appointed to the Board of the LONDON INTERCONTINENTAL TRUST. Mr. Baars and associates have acquired 12.5 per cent. of the company.

★

Mr. John Chiene will retire from the Board of the EDINBURGH INVESTMENT TRUST on January 2. He has been a director of the company for 28 years and has been chairman since 1960. He will be succeeded as chairman by Mr. Ivor R. Guild.

★

Mr. David J. Burke has been appointed to the Board of WESTERN MOTOR HOLDINGS from January 1. Mr. Burke has been marketing executive and, for the past two years, managing director of W. Mumford and will retain these responsibilities.

★

Mr. K. Corcoran will be joining the Board of A. E. EDMUNDS WALKER, the Associated Engineering Group's U.K. distribution network, on January 1, as managing director.

BANKING AND INSURANCE APPOINTMENTS

Sterling Dealer for Merchant Bank

We are looking for a sterling dealer to manage and expand a very active sterling book.

We are a young, but well-established merchant bank in the City of London and we regard this appointment as one of great importance. The man we select will report directly to the Managing Director. He will probably be aged between 30 and 45 and certainly will have at least three years experience.

Salary and the usual benefits are entirely flexible, depending on experience and ability. Future prospects can be excellent for the right man.

Please apply in confidence, enclosing a brief curriculum vitae, to:—
Box T.2982, Financial Times, 10, Cannon Street, EC4P 4BY.

FOREIGN EXCHANGE DEALER

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Applicants must have a minimum of 3 years' experience in trading Euro currency deposits and foreign exchange.

Salary by negotiation, good fringe benefits including assisted house loan facilities, free BUPA, etc.

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ALANGATE AGENCY
STOCKBROKING, BANKING & FINANCIAL DIVISION,
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Tel. 01-248 2242/6743

FOREIGN EXCHANGE DEALER

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Applicants must have a minimum of 3 years' experience in trading Euro currency deposits and foreign exchange.

Salary by negotiation, good fringe benefits including assisted house loan facilities, free BUPA, etc.

Write Box T.2957, Financial Times, 10, Cannon Street, EC4P 4BY.

GENERAL APPOINTMENTS

International Finance Brokers

Have vacancies for trainees up to 25 years of age. Preference will be given to applicants with Stock Exchange or similar background who will be prepared to live abroad for some years, if necessary. At least one European language, while not essential, would be an advantage.

R. P. MARTIN & CO. LTD.,
36/40 COLEMAN STREET, LONDON EC2R 5AN.
REFERENCE—H.F.

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National Kitchen Unit manufacturers require experienced Marketing Manager. The company has a *turnover in excess of £3 million throughout* the U.K. The successful applicant should have experience of marketing on a national level, preferably in a similar or associated field. He will be responsible for planning and directing the sales strategy as well as co-ordinating promotional activities. Salary will not be a deterrent. The position carries normal fringe benefits including company car, life insurance, pension scheme, etc. and there will be generous relocation expenses.

Applications, giving full details of career to date, in strictest confidence to: Box No. T.2980, Financial Times, 10, Cannon Street, EC4P 4BY.

REGIONAL MANAGER DESIGNATE required by International Finance Co. eventually to be responsible for Southern England chain of Moneyshops. Executive with Regional responsibility for reputable Finance Co. Living within easy reach of London only considered. Contact B. Pendry, Finance Selection Register 01-323 1661.

ACCOUNTANTS. Qualified and Partly Qualified City jobs from £2,000 p.a. to £6,000 p.a. at City Centre Staff Bureau, 43, Bow Lane, London, E.C.4. Telephone 236 5843.

Marketing Analyst

The Horseley Piggott Division of Clarke Chapman-John Thompson Ltd. require a Marketing Analyst to take charge of the initiation and running of a marketing intelligence service.

The objective will be to provide the Division with the data needed to formulate future strategies.

This is a senior appointment and applicants must have experience in marketing analysis, preferably in capital equipment, industrial products and services.

The salary will be commensurate with the quality of the person employed and the seniority of this appointment. An excellent Group Pension Scheme exists and assistance in removal expenses will be given where required.

Please send applications to the Technical Director.

Clarke Chapman-John Thompson Ltd
Horseley Piggott Division,
P.O. Box 5, Horseley Road,
Tipton, Staffs.

Mining Investment Analyst in Canada

A leading Canadian firm of Investment Dealers and Stockbrokers invites applications from mining investment analysts for an interesting and challenging appointment in Canada.

Candidates should be university graduates or hold relevant professional qualifications and should have had previous practical experience as a mining analyst. A candidate's facility to express himself both orally and in writing, in clear and concise English, and evidence of investment flair, will be considered *more important* additional qualifications than previous experience in Canada.

The successful candidate, after an appropriate period of familiarisation in Canada, will be required to keep the Canadian mining industry under constant review, to produce reports and investment recommendations and to establish and maintain personal contacts within the Canadian mining industry.

The appointment is in Toronto and will involve extensive travelling in North America and elsewhere from time to time.

A *starting salary up to* Cdn.$25,000 per annum, plus bonus, is envisaged. Generous fringe benefits including assistance with the expense of moving to Canada will also be available.

Write enclosing curriculum vitae, to:— Box T.2963, Financial Times, 10, Cannon Street, EC4P 4BY.

COMMON MARKET SUMMIT STATEMENT

Europe's Nine should speak with one voice

COPENHAGEN, Dec. 15.

THE FOLLOWING is the text of the statement issued by the Nine Common Market leaders after their summit meeting here:

The Heads of State or Government of the member States of the European Community met in Copenhagen on December 14 and 15, 1973, at the invitation of the Prime Minister of Denmark. The President of the Commission participated actively in their work on Community questions. They agreed as follows:

1—The Nine countries affirm their common will that Europe should speak with once voice in important world affairs. They adopted the declaration on the European identity which defines, with the dynamic nature of the Community in mind, the principles which are to underline their action.

2—They decided to speed up the work required to define the European union which they had set themselves as their major objective at the Paris summit. They asked the Presidency to make the necessary proposals without delay.

Stimulus

3—They decided to meet more frequently. These meetings will be held whenever justified by the circumstances and when it appears necessary to provide a stimulus or to lay down further guidelines for the construction of a united Europe. They also agreed to meet whenever the international situation so requires.

It will be for the country providing the president to convene these meetings and to make detailed proposals concerning their preparation and organisation.

The Heads of State or Government attach the greatest importance to the institutions of the Community playing their full role and to the necessary decisions being taken there in good time.

4—It was agreed that the Foreign Ministers of the member States should, at their next meeting, decide on the means by which a common position should be worked out quickly in times of crisis. The development of political co-operation will also enable them to make joint assessments of crisis situations, with the aim of foreseeing them and of taking the measures needed to deal with them.

5—They confirmed their support for the policy of international detente which respects the independence and security of each State and the rules laid down in the Charter of the United Nations for the prevention and settlement of conflicts.

6—They agreed that the growing unity of the Nine would strengthen the West as a whole and would be beneficial for the relationship between Europe and the U.S. They attach great importance to the declaration on which they are working and which will be the basis for their friendly and co-operative relations with the U.S.

7—The Heads of State welcome the convening of a peace conference in Geneva and call on the participants to make every effort to achieve a just and lasting settlement at an early date. The Nine Governments are ready to assist in the search for peace and in the guaranteeing of a settlement.

Palestinians

The Heads of State reaffirmed the united stand of their Governments on the Middle East question embodied in the declaration issued on November 6. Recent events have strengthened them in their view that the security of all States in the area, whether it be Israel or her Arab neighbours, can be based only on the full implementation of Security Council Resolution 242 in all its parts, taking into account also the legitimate rights of the Palestinians.

The Heads of State are convinced that the requirements of sovereignty and the requirements of security can be met by the conclusion of peace agreements including, among other arrangements, international guarantees and the establishment of demilitarised zones.

They will inform the Secretary-General of the UN thereof.

8—As regards the European communities, the Heads of State reaffirmed the importance they attach to what the Community has already achieved and their will to see it develop.

After examining the progress already made in implementing earlier decision they agreed:

—To invite the Community institutions to take measures to achieve more rapid progress towards the full establishment of economic and monetary union building on the decisions already taken;

—To seek actively the definition of a common position on reform of the international monetary situation, to increase the instruments at the disposal of the European Monetary Co-operation Fund and to strengthen the co-ordination of their action to deal with destabilising capital movements, in order to create an area of stability in Europe;

—The Heads of State agreed that a regional development fund should be established on January 1. As an expression of their positive attitude to the establishment of the fund they agreed to recommend to their Foreign Ministers that the Council of the European Communities, at its next session, shall take the necessary decisions concerning the size and the distribution of the fund and the criteria for the fund's operations;

—To make the functioning of the Community's institutions more effective by improving co-operation between the council, the Commission and the Parliament, by a more rapid procedure for the settlement of questions submitted to the Community authorities and by reinforcing its financial control, involving inter alia the establishment of an independent Community audit Board and the strengthening of the role of the European Parliament in budgetary matters.

—That the Foreign Ministers at the next session of the Council of the European Communities find a solution to enable the Faroe Islands to postpone their decision concerning membership of the European communities until the result of the conference on the law of the sea is known;

—To implement a social action programme having as its aims the achievement of full and better employment in the Community, the improvement of living and working conditions in a way which makes possible their harmonisation while the improvement is being maintained, and growing participation by the social partners in the Community's economic and social decisions and by workers in the activities of enterprises.

Important

—The heads of State, mindful of the importance they attach to problems arising from international trade in primary products and raw materials, asked the Commission to prepare a detailed study and to put proposals to the council;

—To develop more actively between them a common policy on industrial, scientific and technological co-operation in all fields.

9—The Heads of State have considered the question of energy in a separate paper, attached to this declaration.

10—The Heads of State are convinced that a united Europe will be able to play a role consonant with its history and its abilities in the service of economic and social progress in the Community, of the growth and industrialisation of developing countries and of peace between all nations.

The declaration on EEC action to counter the energy crisis, was annexed to the statement.

Reuter

Energy repercussions inquiry

COPENHAGEN, Dec. 15.

THE FULL text of the Common Market summit statement on energy reads:

The Heads of State or Government considered that the situation produced by the energy crisis is a threat to the world economy as a whole, affecting not only developed but also developing countries. A prolonged scarcity of energy resources would have grave effects on production, employment and balances of payment within the Community.

The Heads of State therefore agreed on the necessity for the Community taking immediate and effective action along the following lines.

The Council should adopt at its session of December 17-18 the Community instruments which will enable the Commission to establish by January 15, 1974, comprehensive energy balance sheets covering all relevant aspects of the energy situation in the Community.

The Commission should on this basis proceed to examine all present or foreseeable repercussions of the energy supply situation on production, employment, prices and balances of payments, as well as on the development of monetary reserves.

The Heads of State asked the Commission to present by January 31, proposals on which the council will be invited to decide as quickly as possible and in principle before February 28, 1974, to ensure the orderly functioning of the Common Market for energy.

In this context the Commission is asked to submit to the Council as quickly as possible for rapid decision proposals aimed at resolving in a concerted manner the problems raised by the developing energy crisis.

For the same reasons they asked the Council to adopt provisions to ensure that all member States introduce on a concerted and equitable basis measures to limit energy consumption.

With a view to securing the energy supplies of the Community, the council will adopt a comprehensive Community programme on alternative sources of energy. This programme will be designed to promote a diversification of supplies by developing existing resources, accelerating research in new forces of energy and creating new capacities of production notably a European capacity for enrichment of uranium, seeking the concerted harmonious development of existing projects.

The Heads of State confirmed the importance of entering into negotiations with oil-producing countries on comprehensive arrangements comprising co-operation on a wide scale for the economic and industrial development of these countries, industrial investments and stable energy supplies to the member countries at reasonable prices.

They furthermore considered it useful to study with other oil consuming countries, within the framework of the OECD, ways of dealing with the common short- and long-term energy problems of consumer countries.

The council should establish, at its session of December 17-18, an energy committee of senior officials responsible for implementing the energy policy measures adopted by the council.

Reuter

COMPANY NEWS IN BRIEF

BAIRNS-WEAR—Pre-tax profit, half-year to June 30, 1973, £115,000 (same). Tax £12,000. Present indications are that year's profit will be slightly up on 1972. Dividend to be decided when year's results are known (2.5p).

BEKOH HOLDINGS (subsidiary of Kuala Sidim Rubber Company)—Results year to June 30, 1973, reported November 13. Group fixed assets £10.5m. (£3.69m.), reflecting £6.46m. surplus on revaluation estates. Net current liabilities £110,915 (£312,760). Meeting, Kuala Lumpur, December 28.

BESTWOOD COMPANY (investment and industrial holding company)—Profit subsidiary £13,600 (£4,800) half-year to June 30, 1973, less depreciation £4,600 (£3,100). Parent company net income £2,560 (£3,300). Profit £11,569 (£4,800), less tax £5,700 (£1,290). Proposed to defer consideration of dividend (6 per cent. gross for 1972) until results for year are available.

P. A. CAMPBELL (passenger ship owners, subsidiary of European Ferries)—Sales for 11 months to March 31, 1973, were £373,449 (£309,693 for previous year). Trading profit £82,661 (£26,505). Profit £79,094 (£21,979). No tax (same). Gross dividends £789 (£750). Forward £110,378 (£188,662). Fixed assets £24,740 (£28,379). Net current assets £12,966 (£35,676 liabilities). Meeting, Cardiff, December 31 at 12.30 p.m.

DUN AND BRADSTREET — Second interim 17.65 per cent payable January 10.

FIVE OAKS INVESTMENTS—Group profit, year to June 30, 1973, £393,375 (£208,040). To interest £84,858 (£89,430), tax nil (£17,650), leaving £310,517 (£100,940). Claims settlements earlier years £70,000 (recoveries £11,029), less tax adjustments £380 (£1,685) and provision for interest on late payment of tax £12,658 (£89 loss disposal trade written off), balance £367,559 (£110,485) reducing accumulated losses to £1,251,274. Breakdown of external turnover £1,026,229 and profit shows construction and development companies £782,473 and £204,535; other companies £85,747 and £36,740; parent £155,000 and £44,052. Fixed assets £711,696 (£832,317). Net current liabilities £407,615 (£1,033,675). Support from Barclays Bank continued. Since year-end substantial facilities concluded to finance expansion. Meeting, Birmingham, December 31, noon.

GARTONS (agricultural seedsmen)—Results ten months to April 30, 1973, reported December 4. Group turnover £2,353,716 (£42,020 for year). Fixed assets £147,499 (£125,670). Net current liabilities £44,612 (£23,487). Directors "firmly optimistic" about ability to obtain sound and increasing profitability. Meeting, Stretton, December 31, at 10 a.m.

HAMPTON GOLD MINING AREAS—Profit before tax six months to September 30, 1973, £256,998 (£488,183 year to March 31, 1973). Tax £130,423 (£238,895), surplus on exchange £2,159 (£16,407), attributable £158,684 (£265,695). Royalties receivable £342,092 (£188,495 six months to September 30, 1972). Exploration costs £14,847. During second half these are expected to be substantially greater as they will include 5 per cent. of the cost of drilling in the North Sea. Applications submitted by North Sea Sun Oil Company to the DTI for the transfer of a 5 per cent. interest in blocks 16/21, 22/1, 22/8 and 22/13 to company. The rig "Western Pacesetter" is now under contract to the consortium to drill a well on Block 22/1. Company is well placed by virtue of its cash flow and financial strength to continue exploration. Board also investigating purchase of existing oil resources and service companies allied to oil industry.

JOHN HAWLEY AND CO. (WALSALL) (camping equipment, canvas goods, ropes, etc.)—Profit for six months ended June 30, 1973, £19,874 (£21,628) before tax £8,943 (£8,651). Regarding Hawley Europa Camping A/S, Board has decided previous bad debt provision inadequate. It will be necessary to make further provision at end of year. Balance outstanding is £10,739. It is hoped when liquidation is completed a small dividend will be received. During first three months sales in camping division were fairly buoyant but during May and June demand did not follow usual pattern and sales at end of period were only comparable with those for the first six months of 1972. Consequently, due to higher operating costs, profitability in this division was adversely affected. Fixed prices combined with higher operating costs will mean that profit margins of this division will be somewhat lower than in 1972. Retail division is benefiting from newer branches and encouraging improvement in profitability is being shown. Engineering division improved turnover but due to labour shortages was unable to take full advantage of favourable order book. During the second half improvement has been maintained and this division should show a profit for the year.

JITRA RUBBER PLANTATIONS—Dividend 9.3 (8.27) per cent. net for year to September 30, 1973. Profit £19,019 (£19,906) after tax of £8,096 (£10,463). Earnings per 10p share 0.89p (0.90p).

KILLINGHALL (RUBBER) DEVELOPMENT SYNDICATE—Subject to Treasury consent final 4.375p net, equal to 6.25p gross, making 7.75p (6.5p) gross. Profit, year to June 30, 1973, £130,828 (£100,197) including £104,349 (£75,204) from tin tribute. Replanting expenditure £2,345 (£1,619) and tax £69,029 (£45,492).

MAKUM (ASSAM) TEA—Sales, year 1972, £1,031,238 (£927,211). Profit £139,460 (£219,498) less tax £50,983 (£96,579). Dividend, already known, 10.5 per cent. net equal to 15 per cent. gross (same). Fixed assets £48,228 (£541,000). Net current assets £383,156 (£365,656). Meeting, Victoria House, Verum Place, W.C., December 31, noon.

MALAYSIAM TIN—Loss before tax half-year to September 30, 1973, £1,215 (profit £5,125).

J. T. PARRISH (departmental store)—Trading profit 26 weeks to August 25, 1973, £37,400 (£42,000). Turnover increased by 7.9 per cent. Level of Christmas trading is a key factor in year's results. Turnover of Rodney Archbold and Co.—acquired earlier this year—£85,232 (£111,872) and trading profit £7,573 (£12,771). Anticipated that results of Archbold for year will compare favourably with previous year.

OLIVER PELL CONTROL (electromagnetic components)—Results, year ended March 31, 1973, reported December 4 together with prospectus. Fixed assets £148,958 (£153,044). Current assets £1,147,057 (£843,478) and liabilities £843,275 (£489,462). Meeting, Charing Cross Hotel, W.C., January 3, at noon.

PETBOW HOLDINGS—Year end is to be altered to March 31. Accounts will be produced for period to March 31, 1974. Demand continues at very high level and while in present industrial and energy situation outlook must be uncertain, there has been some improvement in the materials and components situation since interim statement. Board intends to declare second interim 35 per cent. gross during May and final 13½ per cent. gross about August representing the pro rata additional dividends for the additional three months. Government's plans for three-day-week means there is added uncertainty.

PRIEST MARIANS HOLDINGS (factoring of fancy goods, oriental carpets, textiles, etc.)—Turnover ten months to October 31, 1973, £420,000 (£356,000). Profit after all charges £24,900 (£20,900). Tax £11,900 (£7,900). Year-end to be changed to April 30. Next accounts for 16 months to April 4, 1974. Board hopeful that profit trend will continue.

PRIESTMAN BROTHERS (Acrow Engineering group)—Turnover, half year to September 30, 1973, £3,405,000 (£2,640,000). Pre-tax profit £159,000 (loss £222,000), less tax £79,500 (credit £222,000), leaving net profit £79,500 (nil).

RUSSELL BROTHERS (PADDINGTON) (Shopfitting specialist, etc.) — Interim dividend 4.2 per cent. net (6 per cent. gross). Turnover half year August 31, 1973 was £365,500 (£316,250). Profit £19,500 (£8,850) before tax £13,500 (£3,350). Order book reflects current level on industrial activity and, taken with the inventory level, augurs well for future.

SINGLO HOLDINGS—Group turnover, year to March 31, 1973, £830,436 (£726,570 for 15 months). Loss £629 (£127,489). Share associate profit £27,435 (£14,055). To tax £14,150 (£4,936) leaving profit £12,646 (loss £118,350 less tax overprovisions, etc., £18,066). To Preference dividend £4,778 (£8,531), unappropriated £7,568 (loss £168,815). In recent years expenditure in U.K. has exceeded receipts of sterling. In order to correct this position, which has already been improved by reductions in U.K. costs, and to have available U.K. funds to take advantage of any acquisition opportunities which may arise in due course, directors are proposing, when market conditions allow, to raise approximately £160,000 by way of a rights issue. Meeting, Winchester House, E.C., December 31, at 3 p.m.

STEEL GROUP (Acrow Engineering group)—Turnover, half year to September 30, 1973, £17,849,000 (£15,998,000). Profit before tax £582,000 (loss £183,000). To tax £276,000 (relief £79,000).

TRAFFORD CARPETS (HOLDINGS)—Interim dividend 1.194p net, 1.706p gross (1.625p and total 3.415p). Turnover for six months to September 30, 1973, £1,318,000 (£1,146,000). Profit £68,500 (£51,500), before tax £29,900 (£18,000). Earnings per share 2.53p (2.33p).

EDWARD WEBB AND SONS (WORCESTER) (interlinings for clothing industry)— Results 53 weeks to October 5, 1973, reported December 4. Group fixed assets £416,170, less £49,233 hire purchase instalments outstanding. Net current assets £341,851. Chairman says current performance is good and directors look forward to future with confidence. Full statement will be issued when accounts are published for 15 months to December 31, 1973.

WIGGINS TEAPE (paper makers)—Second interim dividend of £2m., payable December 28, in respect of year to September 29, 1973, on Ordinary shares, making £3m. so far.

ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN. THE ROYAL OPERA. Tonight at 7: Mozart's DON GIOVANNI. Tomorrow & Sat. at 7: Verdi's LA FORZA DEL DESTINO. Seats available Sat. (Reservations: 240 1066. 24-hr. information: 240 1911.)

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CINEMAS

CINEMAS ARE CONTINUED ON PAGE 4

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
15J	15D	Conv. 5¼pc 1974	97¼	8.11	5.40	11.02
10M	10S	Treasury 5½pc 1974	95⅞	6.8	5.73	11.46
11J	11D	Treasury 6¾pc 1974	95⅝xd	12.11	7.04	11.29
15F	15A	Treasury 6pc 1975	94¼	25.6	6.37	11.52
—		Treas. 8pc '75	95¼	12.11	8.40	11.75
15F	15A	Savings 3pc '65-75	89½	9.7	3.35	10.00
1M	1S	Exch. 6½pc 1976	89½	26.7	7.27	12.05
15F	15A	Treasury 6½pc 1976	87½	9.7	7.43	12.10
1M	1S	Victory 4pc 1976	95	26.7	4.31	8.84
—		Treasury 10½pc 1976●	95⅞	26.11	10.94	12.18
10M	10S	Treasury 6¼pc 1977	85¼	6.8	7.33	11.88
15M	15S	Electric 3pc '74-77	82¼	9.8	3.64	9.46
20J	20D	Transport 4pc '72-77	78¼xd	12.11	5.11	10.83
15M	15S	Treasury 9pc 1978	88¾	9.8	10.19	12.59
26M	26S	Exchequer 5pc '76-78	76¼	20.8	6.55	11.60
Five to Fifteen Years						
17M	17S	Treasury 3pc 1979●	68	7.11	4.46	10.78
26M	26S	Electric 4¼pc '74-79	73⅛	20.8	5.90	10.05
15M	15N	Do. 3½pc '76-79	69⅛	1.10	5.09	10.76
3M	3S	Treasury 9pc 1980●	87⅜	30.7	10.62	12.60
15J	15D	Treasury 3½pc '77-'80	67⅛	12.11	5.22	10.64
15J	15D	Funding 5¼pc '78-80	71¾	12.11	7.33	11.56
15F	15A	Treasury 3½pc '79-81	65⅝	9.7	5.44	10.73
15J	15J	Do 8½pc '80-82	80¼xd	10.12	10.52	12.30
15J	15J	Funding 5½pc '82-84	66½xd	10.12	8.23	11.01
10J	10J	Treasury 8½pc '84-86	76½xd	4.12	11.05	12.11
1M	1N	Funding 6½pc '85-87	65½	25.9	10.07	11.82
26J	26J	Treasury 7¾pc '85-88	73⅛	15.10	11.14	12.32
1J	1J	Transport 3pc '78-88	44⅜xd	26.11	6.76	10.55
Over Fifteen Years						
15A	15O	Treasury 5pc '86-89	54⅜	10.9	9.38	11.40
15J	15D	Treasury 8¼pc '87-90	72⅛	26.11	11.49	12.23
5A	5O	Funding 5¾pc '87-91	57¼	3.9	10.19	11.62
15M	15S	Funding 6pc 1993	57½	9.8	10.80	11.84
17M	17N	Treasury 9pc '94	76	1.10	12.00	12.31
1M	1N	Gas 3pc '90-95	37	25.9	8.23	10.49
15M	15S	Treasury 9pc '92-96	77⅛	9.8	12.07	12.33
1A	1O	Redp. 3pc '86-96	40½	28.8	7.52	9.49
1M	1S	Treasury 8¾pc 1997	75⅛	26.7	12.11	12.34
1M	1N	Treasury 6¾pc '95-98	59⅜	15.10	11.59	12.05
15J	15J	Treasury 9½pc 1999●	77¾xd	10.12	12.20	12.36
14J	14J	Funding 3½pc '99-04	33⅞xd	10.12	10.30	11.08
5A	5O	Treasury 8pc '02-06	67⅜	1.10	12.23	12.28
10M	10S	Treasury 5½pc '08-12	48¼	6.8	11.82	11.90
26J	26J	Treasury 7¾pc '12-15	66⅜	19.6	12.29	12.28
Undated						
1F	1A	Consols 4pc	33⅝	25.6	12.45	—
1J	1D	War Loan 3½pc	28⅞	26.11	12.18	—
1A	1O	Conv. 3½pc '61 Aft.	29⅛	28.8	12.33	—
5A	5O	Treasury 3pc '66 Aft.	24½	1.10	12.55	—
J.A.J.O.		Consols 2½pc	20xd	26.11	12.42	—
1A	1O	Treasury 2½pc	20½	29.8	12.52	—

●"Tap" Stocks

INTERNATIONAL BANK

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15A.	15O.	3½pc Stock '69-74	92¾	14.9	3.77	12.80
15F.	15A.	5pc Stock '77-82	63¾	13.7	8.10	12.18
31J.	31J.	6pc Stock 1976	90½	29.6	6.84	12.30

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INDUSTRIALS—(Miscell.)

INDUSTRIALS—Continued

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TEXTILES—Continued

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OILS—Continued

Dividends Paid	Stock	Price	Last d	Net Div.	Cvr	Y'ld gr	P/E
— —	Ultramar	185	13.8	s—	—	—	17.2
— —	Weeks Nat. 10cts.	67	—	—	—	—	—
— —	Do. 1'd Ord 10c.	69	—	—	—	—	—
— —	Do. Options	33	—	—	—	—	—
— —	Wood-Brn. A50c	140	29.11	—	—	n—	—

RUBBERS AND SISAL

Dividends Paid	Stock	Price	Last d	Net Div.	Cvr	Y'ld gr
— —	Anglo-Indonesian	30	10.62	—	—	—
Sept.	Bertam Con. 10p	33	13.8	12.9	0.9	5.6
July	Bradwall 10p	68	16.7	14.7	0.8	3.1
January	Bukit Mert. 10p	55	12.11	♦Q12½	2.6	2.3
July Feb.	Castlefield 10p	84	2.7	Q15	1.5	1.8
May	Chersonese 10p	68	26.3	28	0.7	6.7
May	Cons. Plants 10p	52	17.9	15.2	♦	4.2
— —	Dwa. Plant 10p	23	5.65	♦B—	—	—
Jan. May	Gadek 10p	36xd	10.12	27	0.8	2.9
May Dec.	Golden Hope 10p	53½	29.10	25.7	1.0	6.9
— —	Grand Central 10p	4½	3.9	.75	0.5	15.9
July Feb.	Guthrie Corp. £1	272	4.6	12.9	1.3	6.5
Dec. July	Highlands 10p	80	15.10	†25.7	0.5	4.6
Dec. July	Kuala Kepong M$1	37	14.5	Qh6¼	1.3	1.7
Jan. July	Kulim 10p	27½xd	10.12	†11.9	0.8	6.2
Jan. June	Ldn. Asiatic 10p	34	4.6	h17.5	1.2	7.5
September	Ldn. Sumatra 10p	26	13.6	10.3	1.5	5.7
Nov. July	Malakoff 10p	57xd	10.12	Q12½	1.4	2.2
May Nov.	Maledam 10p	12	1.10	10½	0.7	13.6
November	Muar River 10p	54	1.10	12	1.4	2.9
Nov. May	Pataling 10p	32	1.10	†h16.3	2.1	7.3
Feb. Aug.	Plantation Hlds. 10p	52½	25.11	†Q21	1.4	4.0
March	Sungei Krian £1	800	12.3	Q40	1.1	5.0
Aug. Apr.	Tapping 10p	27	30.4	Q18	1.6	3.0
Sept. Apr.	Warren Hub 10p	63xd	12.2	Q25	0.7	0.8

TEAS

India and Bangladesh

Dividends Paid	Stock	Price	Last d	Net Div.	Cvr	Y'ld gr
Sept.	Assam & Afr. £1	26	15.9	Q4	1.7	10.5
December	Assam Dooars £1	65xd	10.12	5¼	♦	♦
October	Assam Front'r £1	65	2.10	5.6	♦	13.4
Aug. Dec.	British Indian £1	75	9.4	Q6	1.5	8.0
July	Cesnock £1	205	—	♦—	—	—
August	Cons. Tea & Land £1	170	2.7	♦0.7	—	0.6
August	Darjeeling Co. £1	75	4.6	3.5	0.9	6.7
November	Jokai £1	63xd	10.12	5.6	♦	12.7
August	Jorehaut £1	132	14.5	3½	1.2	3.8
January	Longbourne £1	68	17.9	2.8	—	6.0
September	McLeod Russel £1	137	4.9	[illegible]	[illegible]	[illegible]

Sri Lanka

Africa

MINES—CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIANS

TINS

COPPER

MISCELLANEOUS

THE LEX COLUMN

Fine mesh needed for credit control

Our masochistic market, we hear, might be pleased if the Chancellor is tough enough to-day—on consumer credit among other things. Thumping the consumer used to be a fairly simple job. He could, in the past, lift the initial deposit on hire purchase contracts: the *rate went up from nil in mid-*1954 to 50 per cent. in early 1956 and from 10 per cent. in mid-1962 to a third four years later. Since 1952 the maximum repayment period has varied from 18 months to theoretical infinity, and purchase tax (pre-VAT) from 66⅔ per cent. to 25 per cent. Hoover's slump period in the mid-1960s stemmed directly from the deposit/repayment curbs: U.K. manufactured washing machines went from 1.02m. *units in 1963 to 0.6m. in* 1966 and Hoover's profits came down from £7½m. to £5.2m. pre-tax.

Hoover may well argue that it is less vulnerable now than it used to be. Outside estimates suggest a drop from a third to 22 per cent. in the profits contribution from U.K. washing machines over the past five years and the purchase cost of the machine is less—11 days' work at average pay rates against over 20 at the time of the last squeeze. But having put a 36 hour week plan to the DTI (three twelve-hour days during the crisis period) Hoover will still have to judge, after to-day, whether it will need that much output.

Personal loans

What Hoover might also have said is that simple HP control does not cut much ice these days. Last squeeze time, the policy relied upon legally binding controls on HP business, and voluntary controls on other non-HP instalment debt, notably personal loans. Major banks and finance houses complied, a lot *of others didn't. Completely out*side this were check and voucher credit, an exemption which gave a great boost to Provident Clothing's business in the late *1960s*. Now, the whole area has been expanded by the bank credit cards, held by something over 5m. people; the Trident discount arm of Telefusion reckons that "plastic money" currently accounts for up to a third of its income in some areas. Similarly the growth of J. Hepworth in menswear got a boost early this year from the extension of credit on subscription accounts from 12 to 24 times the monthly payment. Others like Austin Reed have been playing the same *game*.

So any re-imposition of credit controls is going to need to be a lot more sophisticated than such crisis measures usually are. That may not matter much in the very short term, but such clamp-downs have a nasty habit of staying in force for much longer than intended at the outset. That applies, for instance, to the last phase of ceiling controls on lending, which dragged on from 1965 to 1971, *and abitrarily* favoured fringe operators and some types of credit-based retailers. Between 1965 and 1970 there was an overall decline in outstanding *hire purchase loans and bank* advances to the private sector, but mail order sales climbed at an average of over per cent. a year.

For the finance houses right now, however, volume will be the least of their worries. With volume at Mercantile Credit, for instance, up 40 per cent. in the year to September a touch of consolidation would be no disaster and credit ceilings should have the useful side-effect of taking some of the competitive pressure out of *bidding for deposits; that would* allow interest rates to come down, Government policy permitting, and restore margins. The real problem is the threat *of slow paying if borrowers'* income suffers a savage cut. At least the broadly spread leaders may now see their industrial business pay its way more adequately. And Lloyds and Scottish's heavy involvement in colour TV also has its useful defensive aspects.

Advance rentals

On precedent, colour television should be one area with *little to worry about. Telefusion* reckons that monochrome had achieved one-third penetration of its potential market (much as colour has to date) when the *nine months' advance rental* stipulation was brought in *during 1955. But the consumer* had the bit between his teeth, and set placements apparently rose from 1.4m. in 1955 to 1.6m. in 1966, stabilised around the 1.7m. mark over the next two years and subsequently accelerated as advance rentals went down to four months. There will, of course, be an intensification of the supply problem—not helped at all, remarks Thorn wryly, by the Government ban on private *generators*. Like the wise *virgins*, Thorn had installed generating equipment—and saved the fuel to operate it—since the last power crisis. Now, like Hoover, it feels that exports may have to suffer: but it is worth noting over the holiday period that the shorter working week would mean the loss of just one day to Hoover, and nothing to Thorn, up to and including the first week in January.

As a television manufacturer, Thorn is phlegmatic about the credit control aspect of the crisis, noting that the absence of them has made a present of 20 per cent. of the colour market to imported sets. As a *renter*, it has itself been importing sets at a higher price than the manufacturing side realises on its exports. But the basic point about rental is far more comforting. Even with shorter viewing hours, there are much frothier items of consumer expenditure which could be cut. Increased advance rentals would produce a dramatic improvement in the rental companies' cash flows; indeed, self-imposed advance *rentals* have appeared during the set supply shortage, either a straight two or three months or via the favouring of customers willing to pay up to a year's advance rental and jump the queue in the process.

Stability

Stability—no set changes, no arrears—means money in the rental business, where the specialists have already got set density up to, or beyond the critical 700 a branch. Improved cash flow, and proportionately lower initial loading costs suggests that this is one sector where profits will rise willy-nilly.

Lombard

De-fusing interest rates

BY ANTHONY HARRIS

IT IS EASY enough to understand why, amid all the melodrama of oil, of NATO misunderstandings and union confrontations, there has been relatively little high-level attention devoted to the problem of interest rates.

But a problem is not the less dangerous for being relatively familiar; and if reminder were needed, it appeared in the markets on Friday, when a sharp drop in forward sterling drove the three-month Euro-sterling rate up to 18 per cent.—the kind of rate which, after a time, could have appalling repercussions.

The fact is that, despite month-by-month professions from Basle, nothing practical has yet been done to produce internationally co-ordinated efforts to damp down interest rates; and if this was difficult three months ago, it has become doubly difficult in a world which must look forward to large persistent current account deficits offset by the capital surpluses of oil-producing States.

Competition to attract migrant capital, and so balance the books, *could not only drive up rates* internationally but would also enlarge still further the current deficit of all oil-consuming countries and enlarge the surplus of the ultimate creditors.

This result is so obviously and absurdly against our own interests that it holds out perhaps the best hope that a solution will be sought in good earnest. Every such incentive to effort will be needed, for the problem is a baffling one.

Road back

The first necessity is that domestic policies should be adjusted so as not to place undue strain on interest rates by asking the price of credit to do a job which should be done by responsible fiscal policy.

Our own Government has been forced by events to start, at least, on the hard road back from folly in this respect, and can now begin at least to preach the same message to others. It is likely to be the more acceptable *at a time when the possibility of* recession is a major worry—unless other Governments repeat our own errors and so overdo the fiscal stimulus that after a short time they are thrown back on credit restraint to escape the more extravagant consequences. So the first priority is to ensure that a lowering of interest rates internationally is an early step to head off a really severe recession.

When that is achieved, however, the international problems will simply stand exposed; and *it is not clear that their solution* can wait on the often-deferred hope of general reform.

What is required is much more effective central bank action to offset the large speculative flows which are bound to set in at a time like this. The price to be paid for large international support of weak currencies is the same as it *ever was: some international* surveillance of domestic policies.

In short the monetary crisis, like every other aspect of the oil crisis, challenges Governments to make real gestures, involving real sacrifices, to achieve orderly international co-operation. If they fail—and the mood is far from favourable—the monetary chickens will be the quickest home to roost.

Pressure

Since our own currency and *interest* rates are under the strongest pressure at the moment, it should be natural for the British to take the lead in trying to organise international counter-action.

The Government may naturally dislike the idea of bargaining from such obvious weakness, but there is really no alternative; and in any case, we need not argue *entirely from weakness*. For us, at least, the problem of financing oil imports is a relatively temporary one: the support we need now to avoid having to outbid *every other borrower of hot* money is support that others may need later, and they know it.

Equally, the measures we might be forced *to take in* defence of the currency, failing international support, would be a great deal more unpleasant for our trading partners than the weary task of again propping up the British would prove. For all that the scenario looks drearily like that of the 1960s at first sight, there are two refreshing differences: the visible light at the end of a five-year tunnel, and the fact that no one is likely to want to threaten us with an enforced devaluation again.

This is a real chance for the Government to be seen to be doing something which matches both its domestic and its international pretensions—something not only potentially effective, but highly urgent.

Germany blocks U.K. hope on regional aid policy

BY LORELIES OLSLAGER

COPENHAGEN, Dec. 16.

GERMANY finally has put paid to British hopes for a generous European regional policy next year.

Formal decisions will only be taken by the Foreign Ministers of the Nine in Brussels to-morrow and on Tuesday, but at the European Summit meeting here Mr. Edward Heath, the Prime *Minister, singularly failed to get* the commitment for the large regional development fund he had been seeking.

The only promise given to Mr. Heath and his Irish and Italian colleagues, who also hope that their countries will be major beneficiaries from the regional policy, was that a fund will be set up on January 1 next year.

Herr Willy Brandt, the German Chancellor—whose country will be the major net contributor—made it quite clear to his colleagues that he could not accept *the British target of £1,250m. for* the next three years, nor the European Commission's more modest proposal for £940m. over the same period.

The figures he had in mind, Herr Brandt told a Press conference after the meeting ended late last night, were much lower than the Commission's. A compromise would have to be found. But, he added, "we must start cautiously."

The German economic Cabinet will meet in Bonn to-morrow morning to make a final decision on how big a fund Germany would like to see. Figures mentioned by the German delegation *in Copenhagen are said to have* ranged between £29m. and £48m. for the first year, but this was obviously low initial bidding.

In order to keep the fund small and yet make it effective, Herr Brandt reiterated earlier German proposals that Community regional aid should only be given to Britain, Ireland and Italy, the countries in greatest need, and that the other six member States should forego all claims.

This, he conceded, may not be acceptable all round. France has in the past insisted that she wants to be among the beneficiaries of any fund.

Britain would obviously find it less hard to resign herself to a small fund if she got proportionately more out of it than the 26 per cent. or so that would have been her share under the Commission's proposals. The same holds true for Ireland and Italy.

According to some sources, the Summit's *inconclusive regional* debate means that the Foreign Ministers will now have to start bargaining over the distribution from scratch. One possibility would be for them to go back to an Italian proposal, under which 20 or 30 per cent. of the fund would be set aside for concentrated aid to areas in greatest need, while the rest would be shared out among all the member states.

The only crumb of comfort for Mr. Heath is Herr Brandt's reported willingness to allow *money to be allocated* to the fund for an initial three-year period. The Netherlands had argued that only the sum for the first year should be decided now.

Compared with Germany, France (which in the past has been cool on regional policy) was prepared to go quite a long way at the Summit. The French draft for the final communique included a section announcing that the fund had been set up, but leaving the figure blank.

Arabs disappointed at reaction of EEC Foreign Ministers

BY HILARY BARNES

COPENHAGEN, Dec. 16.

THE FOUR Arab *Foreign* Ministers who came to Copenhagen to give their views to the European summit went away disappointed at the tough response they received from the Nine.

On the European side, any hope that oil concessions were on the way were dashed when Algeria's Foreign Minister Abdelaziz Bouteflika declared at a Press conference that the Organisation of Petroleum Exporting Countries' decision in Kuwait to impose a further 5 per cent cut in exports would be "scrupulously applied."

The Arab Ministers, acting as emissaries from the Arab summit in Algiers last month, came here hoping for "serious and *practical steps" by Europe* to bring pressure on Israel. After the meeting, Mr. Nadim Pachachi, of the United Arab Emirates, said: "We had hoped Europe would play a stronger role. This has not happened."

After a late night meeting on Friday between the Foreign Ministers of the Nine and the Arab Ministers, the Nine on *Saturday produced a statement* replying to the Arab views. It adopted the toughest line that the Nine have yet taken in face of Arab pressure.

The EEC satement, read to the Arabs by Denmark's Foreign Minister, Mr. K. B. Andersen, reaffirmed the principles of the November 6 Middle East declaration and expressed a sincere demand for close co-operation with the Arabs and for a continuing dialogue. It went on:

"The European Governments want to draw your attention to the fact that countries other than those you want to influence are being most severely damaged by certain measures taken by the Arab Governments. These *also* have a negative influence on the growing understanding in European public opinion for the Arab point of view.

"The Nine European Governments are convinced that Europe can only contribute to a just and durable peace and close co-operation can only function and Europe can only continue to contribute to the development of the Third World if our attention is not constantly diverted from these aims by the damaging effects of measures directed against us."

Mr. Andersen stressed that this was a *preliminary reaction*. More time was needed to consider the Arab views.

It remained uncertain, however, at what level the dialogue *will continue*. British sources expressed very definite doubts about a new EEC-Arab meeting at Foreign Minister level.

Six Arab Ministers were scheduled to come to Copenhagen, but the Saudi Foreign Minister stayed at home to receive Dr. Kissinger, the U.S. Secretary of State, and the Moroccan Foreign Minister was *ill*. *The four who came were* Mr. Pachachi, M. Bouteflika, Mr. Mohamed Masmoudi, Tunisia's Foreign Minister and Mr. Mansour Khaled, Sudan's Foreign Minister.

The Arab reaction to the European move, as expressed at the Arab's Saturday Afternoon Press conference, was not entirely negative.

They said they had come "on a goodwill mission" to continue and intensify the dialogue with Europe.

But, as the two-hour Press *conference went on both Mr.* Bouteflik and Mr. Masmoudi taunted the Europeans for their impotence and disunity.

"You cannot imagine what sort of an image you give to us who have known you in your days of colonial greatness and glory when you now come and tell us that you have no power or influence," said Mr. Masmoudi.

Continued from Page 1

Solidarity gesture over oil

and French thinking than the *November 6 declaration, which* was reaffirmed again yesterday. The new statement, which says the Nine "are ready to assist in the search for peace and in the guaranteeing of a *settlement*," will be communicated to Dr. Kurt Waldheim, UN Secretary-General, as a hint that the European countries want to be more *directly involved in the Arab-*Israel peace settlement and its enforcement.

On the energy front, the Nine agreed that the Council of *Ministers meeting starting* to-morrow in Brussels should adopt the necessary instruments, allowing the Commission to draw up a comprehensive balance sheet covering all aspects of the energy situation in the Community, by January 15.

The Commission would then examine "all present or foreseeable repercussions of the energy supply situation on production, employment, prices and balances of payments, as well as on the development of monetary *reserves*."

The Commission is also asked *to present proposals by the end* of January to ensure the "orderly functioning" of the EEC market for energy, and the Council to decide on the proposals "in principle" by the end of February. Problems raised by the crisis should be resolved in a "concerted manner," and all member States should introduce "on a concerted and equitable basis measures to limit energy consumption."

Britain and France both made it clear last night that this com*mitment did not mean adopting* identical measures, such as Sunday driving bans, throughout the Community, but the two countries have clearly gone much further than before in agreeing to a form of Community "solidarity."

The Dutch delegation expresed its satisfaction with the formula adopted, particularly as it allows a proper debate on a common approach to the Arab oil cutback to get under way in the Community's institutions. The Netherlands has been insisting on joint Community action ever since the Arabs declared their oil *embargo on Rotterdam*.

Nevertheless, French and British reluctance to agree to anything that smacks of oil sharing will make it extremely difficult for Ministers to reach agreement on the basis of the summit text. Officials here are already predicting that the issue may have to be referred back to the next summit.

Meanwhile, the Council is also asked to adopt a comprehensive programme on alternative sources of energy, including the development of existing resources, accelerating research into new sources and creating new production capacity. In this context, there would be "concerted harmonious develop*ment" of the two rival Euro*pean projects for the production of enriched uranium.

France has thus persuaded its partners not to oppose its plans to go *ahead with a major* new gaseous diffusion uranium enrichment plant—in exchange for agreement that the French project's development will be co-ordinated with that of the Anglo-German-Dutch centrifuge scheme.

Suburban rail service in S-E hard hit to-day

By Michael Cassell

FURTHER SERIOUS disruption for the travelling public and for freight traffic *is certain to-day* because of the rail drivers' work to rule.

Virtually no trains were running throughout the country yesterday, because of the ban on Sunday working. The public can to-day expect a resumption of the troubles which arose almost as soon as the work to rule began last week.

A programme of selective cancellations in some regions on Saturday has left some trains at points from which they can start normal Monday morning journeys. *Main line services* should again be operating reasonably well.

Suburban services, however, particularly in the South-East, are expected to be virtually non-existent.

Southern Region, which by the week-end was operating only about 8 per cent. of its suburban services, could not hold out any hope of an improvement this morning. It did hope, however, that main line services would be operating on a "fairly normal" basis.

On Eastern Region, there will be planned cancellations to-day on some inter-city services. The cuts will involve a limited number of trains on the east coast main line in and out of Kings Cross, London.

A spokesman pointed out, however, that passengers affected by the cancellations would be able to complete their journeys by alternative services.

Local and commuter trains should run normally, except those in the London area involving Kings Cross, Liverpool Street *and Fenchurch Street*.

Barclays in Maltese banking talks

By Our Own Correspondent

VALLETTA, Dec. 16.

BARCLAYS BANK International denied to-day, following a week-end round of talks with Mr. Dom Mintoff, the Prime Minister, that its activities here would be curtailed after December 31. Mr. Louis Galea, head of the Barclays organisation in Malta, strongly denied that it was leaving the island. He also discounted suggestions of a run by depositors, saying that withdrawals at present were less than at Christmas time last year.

Mr. Galea and Mr. Steven Mogford, a senior Barclays managing director, who flew to Malta last week, met Mr. Mintoff on Friday to discuss "the future of commercial banking here," following the events which saw the National Bank of Malta taken over by the Government without compensation as a result of a run by depositors.

BOC statement on Airco to-day

By Guy de Jonquieres

NEW YORK, Dec. 16.

BRITISH OXYGEN Company's subsidiary, BOC Financial, is to make an announcement to-morrow in which it is expected to reaffirm its intention to go ahead with its contested tender offer for a 26 per cent. *interest* in Airco, the major American producer of industrial gases.

The announcement is expected to be made before the opening of the New York Stock Exchange. It will be BOC's first public statement since Curtiss-Wright, the diversified U.S. industrial company that has also launched a bid for Airco, filed suit in a Federal court seeking to block the BOC offer.

The Curtiss-Wright suit, brought in response to a suit filed by Airco seeking to enjoin *Curtiss-Wright's bid*, was heard by a judge on Friday without any conclusion being reached. Curtiss-Wright's bid is due to expire to-morrow, and it is not yet known whether it will be extended.

Lockheed faces cash threat

BY GUY DE JONQUIERES

NEW YORK, Dec. 16.

LOCKHEED AIRCRAFT Corporation is expected to know within a week or ten days whether its major banks are prepared to extend further credit the company is urgently seeking to tide it over a fresh period of financial difficulties ahead.

The banks answer will be crucial to the future of the giant company, rescued from bank*ruptcy by an emergency govern*ment loan guarantee less than 2½ years ago.

The threat of another severe cash shortage next year is primarily because of the acute uncertainties the energy crisis has created to aviation.

Reply awaited

The corporation met its 24 banks last week to tell them formally of its plight and to ask for assistance. Another meeting is scheduled for this week, and the banks are expected to make their position known shortly thereafter.

Lockheed has warned that postponements in the delivery schedule of its L-1011 TriStar could cause its cash requirements next year to exceed the $650m. ceiling up to which its credit arrangements are covered by the Government guarantee.

One airline, Eastern, has already obtained a delay in deliveries, and it is feared that if the fuel shortages deepen air travel problems next year other carriers may be forced to take similar measures, leaving Lockheed with a number of completed but unpaid-for TriStars.

The company has so far drawn $600m. on its $650m. credit line. *It has declined to specify how* much additional cash is likely to be needed, but informal estimates in New York financial circles range as high as $200m.

Lockheed was supposed to have lowered its outstanding debt to $595m. by the end of this year, but it has received Government permission to go $5m. over this limit into next year.

In its public announcements, Lockheed is seeking to emphasise that its efforts to obtain financial assistance are still mainly precautionary, and insist that it may yet avert additional borrowing if it can persuade some airlines to accept the L-1011 ahead of time or find new customers for its military transport aircraft. It has 147 L-1011s scheduled for delivery between now and 1979.

However, Lockheed's decision *to retain Lazard Freres, the New* York investment bank, to advise on charting a way out of its troubles, seems to indicate that its underying problems run deep and could require broader corrective measures, even if additional short-term financing can be obtained.

One possibility that is being looked at again is a merger with a healthier company—an option explored before Congress approved the loan guarantee in 1971. There may well be problems, though, in finding a suitor *prepared to take on Lockheed's* difficulties. McDonnell Douglas, Lockheed's main competitor in the wide-bodied airbus market, is thought to have lost the interest it displayed in a merger three years ago.

But even if a merger partner could be found, it would have to be of an extremely large corporation. Any proposal for a link between two such large companies would be scrutinised rigorously by the Justice Department, and could run into anti-trust problems.

One immediate step which might be sought could be a postponement of payment to Rolls-Royce (1971) for the engines which power the L-1011, although Lockheed vigorously denied this week-end that such a measure was under consideration.

Weather

U.K. TO-DAY

SUNNY SPELLS, showers in some areas. Snow in N., frost on high ground in Wales and N.

London, S.E. Cent. S. E. England, E. Anglia, Midlands. Sunny spells, perhaps showers. Wind N.W., moderate, fresh. Max. 5C (41F.).

Channel Is., S.W. Eng., W. Wales and Monmouth. Sunny spells, clear night. N.W., moderate. Max. 5 (41 to 43F.).

N. Wales, N.W. England, I. of Man, S.W. Scot., Glasgow, Argyll, N. Ir. Sunny spells, scattered snow showers, clear night. N.W., moderate or fresh. 4C (39F.). Frost.

Cent. N., N.E. England, Borders, Edinburgh and Scotland, Aberdeen. Sunny or clear, scattered sleet or snow showers. Wind N.W., strong. Max. (39F.). Frost.

Cent. Highlands, Moray, Caithness, N.W. Scot., Orkney and Shetland. Snow showers, sunny. Clear periods at night. Wind fresh or strong. Max. (36 to 37F.). Frost.

Outlook: Wintry, *sunny spells*, becoming cloudy. Perhaps more sleet or snow later. Col

BUSINESS CENTRE

S—Sunny. C—Cloudy. F—Fair. D—Drizzle. Sl—Sleet. Sn—Snow.

SNOW REPORT

SCOTLAND

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